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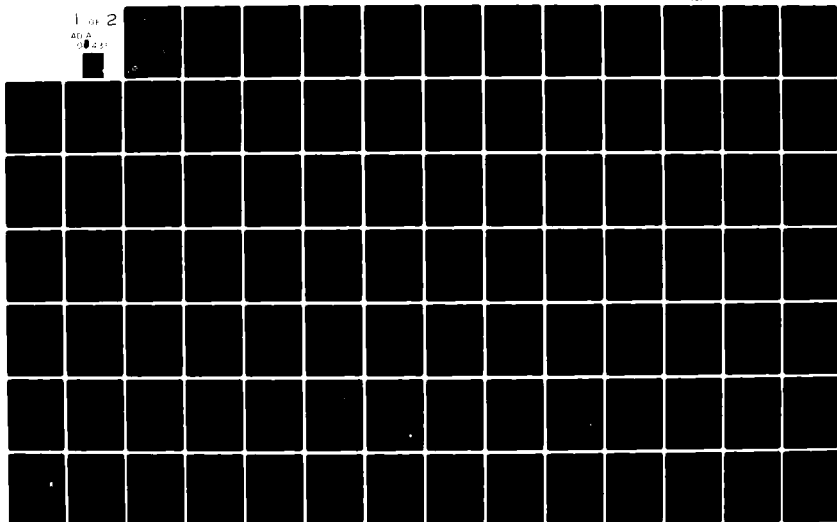
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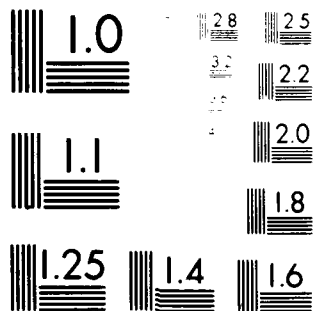
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REPORT BY THE

Comptroller General

OF THE UNITED STATES

AD A108435

Better Management Of Private Pension Plan Data Can Reduce Costs And Improve ERISA Administration

The Employee Retirement Income Security Act requires private pension plans to report information to the Department of Labor, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation, the agencies responsible for administering and enforcing the act. However, there is no assurance that all plans are reporting as required and that all insured plans are paying premiums. When plans do report, data are often missing or inaccurate. Efforts to correct the situation have been ineffective and duplicative. Certain reports are seldom used.

Although actions have been taken, and more are planned, to improve information reporting and accuracy, these actions will not fully resolve the problems GAO identified. Therefore, GAO recommends that the Congress, the Departments of Labor and the Treasury, and the Pension Benefit Guaranty Corporation reduce reporting requirements, assure the collection of insurance premiums, and improve efforts to obtain accurate and complete data.

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HRD-82-12
OCTOBER 19, 1981



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-204000

The Honorable Phillip Burton
Chairman, Subcommittee on Labor-Management
Relations
Committee on Education and Labor
House of Representatives

The Honorable John N. Erlenborn
House of Representatives

In response to your May 9, 1979, request and later discussions with your offices, this report discusses the activities of the Department of Labor, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation to manage information required by the Employee Retirement Income Security Act. The report contains recommendations for reducing costs and improving administration of the act through better management of private pension plan information.

As agreed with your offices, unless the report's contents are publicly announced earlier, we plan no further distribution of the report until 5 days after it is issued. At that time, we will send copies to interested parties and make copies available to others upon request.

Charles A. Bowsher

Comptroller General
of the United States

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COMPTROLLER GENERAL'S
REPORT TO THE SUBCOMMITTEE
ON LABOR-MANAGEMENT RELATIONS
HOUSE COMMITTEE ON EDUCATION
AND LABOR

BETTER MANAGEMENT OF PRIVATE
PENSION PLAN DATA CAN REDUCE
COSTS AND IMPROVE ERISA
ADMINISTRATION

D I G E S T

The Department of Labor, the Internal Revenue Service (IRS), and the Pension Benefit Guaranty Corporation are responsible for administering and enforcing the Employee Retirement Income Security Act (ERISA). Private pension plans are required to report substantial information to these agencies under the act. The three primary ERISA reports include (1) the annual report to IRS containing financial and operational information, (2) the annual premium filing to the Corporation containing information to identify insured plans paying premiums, and (3) plan summaries--summary plan descriptions and summary of material plan amendments--to Labor containing easily understood information on how the plan is supposed to operate and who is supposed to operate it.

The Chairman and a Minority Member of the Subcommittee on Labor-Management Relations, House Committee on Education and Labor, asked GAO to investigate the ERISA information managerial activities of Labor, IRS, and the Corporation. GAO concentrated on determining the adequacy and effectiveness of (1) the agencies' efforts to make sure pension plans file ERISA annual reports, annual premium filings, and summary plan descriptions and (2) IRS' efforts to assure that annual reports filed by plans are complete. (See pp. 1 to 7.)

INADEQUATE MANAGEMENT OF
ANNUAL REPORT INFORMATION

Information required to be reported annually by private pension plans is not being effectively, efficiently, or economically managed. Although complex and voluminous, the agencies believe almost all of the required annual report information is critical for them to administer and enforce the act. GAO found, however, that some plans may not be filing the reports and many of the reports filed are incomplete. (See pp. 8 to 22.)

Labor and IRS (both collected annual reports during ERISA's early years) separately attempted in calendar year 1979 to assure that the plans filed reports. These efforts had to be stopped because large numbers of plan administrators were being questioned about reports they had already filed or did not have to file. Labor unnecessarily contacted administrators of over 147,000 plans. IRS also unnecessarily contacted a large, but indeterminable, number of plan administrators. These efforts not only wasted Labor and IRS resources but irritated plan administrators.

Labor and IRS unnecessarily contacted plans about reports because they did not use all available information on reports filed or establish controls to ensure that data they used to identify plans not filing reports were accurate. (See pp. 11 to 16.)

When information was missing from reports filed, IRS was not taking adequate action to obtain the missing data. Although IRS asks plans to provide some missing report information items, it does not further pursue the information if the plans fail to respond. Further, IRS does not ask plans for most types of missing items. This inadequate followup is the primary cause for at least 78,000 plan year 1977 annual reports (covering over 6 million participants) being accepted by IRS with one or more critical information items missing. (See pp. 16 to 20.)

IRS has made substantial efforts to improve the identification of plans not filing reports and has restarted its program to obtain annual reports from plans not filing them. GAO found no evidence, however, that IRS plans to take more forceful action to obtain information missing from filed reports. (See pp. 20 and 21.)

IRS should take more forceful action to obtain the information if the agencies need it. On the other hand, continuing to follow a practice of not strongly pursuing missing information raises a question of whether the data are really needed or whether plan administrators who provide it should be so burdened. (See pp. 22 and 23.)

INEFFECTIVE MANAGEMENT OF PREMIUM
COLLECTION AND REPORTING

For over 6 years, insured benefit plans have been required to pay premiums to finance ERISA's insurance programs. The Corporation has not made sure that insured plans pay required premiums every year, or at all. Apparently, this is because of a reluctance to use data (some of which are inaccurate) for identifying and contacting plans about premiums paid 1 year but not the next. The inaccurate data on premiums paid resulted from inadequate Corporation controls to assure the data's accuracy. Also, the Corporation did not use the ERISA annual report information for collecting unpaid premiums even though it provides a source for identifying insured plans that have never paid premiums.

IRS' annual report information and the Corporation's premium payment information, although partially inaccurate, can be used for judging how many plans may not be paying premiums. Use of the data indicates that millions of dollars in premiums may have been lost. For example, one of GAO's tests indicated that 16,416 plans paying premiums on about 1.7 million participants in 1976 may not have paid as much as \$1.4 million in 1977. Further, a comparison of annual report and premium payment information showed that 33,686 insured plans with about 4.6 million participants may not have paid as much as \$3.7 million in 1977 premiums. (See pp. 26 to 30.)

The Corporation has taken some action and plans to do more to substantially improve premium collection. However, the extent to which planned improvements can be implemented is questionable because of the Corporation's restricted ability to overcome unreliable data with limited resources. (See pp. 30 to 33.)

Further, separate management of premium and annual report requirements is resulting in apparent unnecessary costs--both IRS and the Corporation are paying for improving and maintaining the accuracy of data for the same plans on two separate files. Any differences found in comparing these files add additional cost for their reconciliation.

Because of the duplication, the Corporation and IRS have been jointly considering consolidation of receipt and processing of annual report and premium collection information and enforcement since October 1980. Little progress has been made. (See pp. 33 to 36.)

GAO believes that IRS should receive and process both premium collection and annual report information. (See pp. 36 and 37.)

FILING PLAN SUMMARIES WITH LABOR IS
COSTLY AND NOT NEEDED

ERISA requires private benefit plans to provide participants, beneficiaries, and Labor with plan summaries every 5 to 10 years. Labor is to have the summaries on hand to provide them to participants who request them, help assure ERISA compliance by opening plan information to public scrutiny, and make plan information available for research. The first refiling will begin about the end of calendar year 1982. (See pp. 40 to 42.)

Although Labor has spent over \$1 million to record the receipt of, and copy for filing, over 500,000 summaries and is expected to spend a similar amount when plans start refiling, only limited use is being made of the summaries. There are about 950 requests a year from the public for plan summaries, and estimated annual use of the summaries for research averages about 4,268. (See pp. 42 and 43.)

GAO also found that many summaries cannot be found in Labor's files. GAO's comparison of IRS' 1977 annual report data with Labor's data on summaries filed showed that, for about 179,000 of 340,525 pension plans, either the plans had not filed summaries or Labor cannot readily locate them because of inaccurate plan identification information. Further, GAO found that Labor cannot find about 21 percent of the summaries requested by the public and has to request them from the plans.

Labor would have to assure the accuracy of plan identification information and that plans file summaries if Labor is to effectively provide requestors with summaries from its own files as anticipated by ERISA. Such action would add significantly to Labor's cost to process summaries filed. (See pp. 43 to 45.)

GAO believes that the cost to process hundreds of thousands of plan summaries and make sure they are in Labor's files is not warranted by the limited requests for the summaries. GAO believes that the requirement that plans file and refile summaries with Labor should be eliminated. GAO also believes that Labor should obtain summaries directly from the plans when plan participants and others request them--the same approach Labor is now using to obtain many of the summaries being requested. (See pp. 45 and 46.)

RECOMMENDATIONS TO THE CONGRESS

The Congress should amend ERISA to

- eliminate the requirement that employee benefit plans routinely file copies of plan summaries with Labor;
- require the plans to provide Labor with copies of plan summaries at the request of Labor; and
- require Labor to obtain, on behalf of plan participants and others, copies of plan summaries from the plans when so requested.

To minimize costs to both the plans and the Government, the Congress should make these amendments before plans have to meet the summary refiling requirement in 1982. (See p. 46.)

RECOMMENDATIONS TO THE DEPARTMENTS OF LABOR AND THE TREASURY AND THE PENSION BENEFIT GUARANTY CORPORATION

The Secretaries of Labor and the Treasury, and the Executive Director of the Corporation should reassess the need for each annual report information item and eliminate the reporting requirement for information not needed. For information that is needed, the Commissioner of IRS should implement procedures to assure it is obtained, including invoking penalties when plans fail to provide the information. (See p. 23.)

The Executive Director of the Corporation and the Commissioner of IRS should establish and carry out a timetable for IRS to assume responsibility for receipt and processing of both premium

collection and annual report information. While these steps are being taken, the Executive Director and Commissioner should undertake a cooperative effort to reconcile differences between the annual report and premium files, and the Executive Director should take action to collect unpaid premiums identified by this effort. (See p. 37.)

AGENCY COMMENTS AND GAO'S EVALUATION

Labor said it recognized that money could be saved by eliminating the requirement that plans routinely file copies of plan summaries with the Government. Labor believes, however, that further analysis is necessary before eliminating the filing requirements. GAO disagrees that the filing requirements should be continued pending further analysis because their limited use does not justify the costs to the Government and burden on plans. (See pp. 46 to 48.)

IRS, Labor, and the Corporation generally agreed with GAO's recommendations that they reassess annual report information requirements and IRS implement procedures to ensure the information is obtained. They also indicated that action to comply with the recommendations had been or would be taken. (See pp. 23 to 25.)

IRS and the Corporation agreed with the thrust of GAO's recommendation that they take steps for IRS to assume responsibility for receipt and processing of both premium collection and annual report information. IRS said, however, that the recommendation could not be implemented until 1985 or later because of planned changes to its computer system. Because GAO was concerned about IRS' open-ended commitment to take action, GAO included in its recommendations the need for a timetable and interim cooperative action between IRS and the Corporation to help assure that unpaid premiums are collected and duplication is eliminated. (See pp. 37 to 39.)

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ABBREVIATIONS

EIN	employer identification number
ERISA	Employee Retirement Income Security Act
GAO	General Accounting Office
IRS	Internal Revenue Service
PBGC	Pension Benefit Guaranty Corporation
PN	plan number
SPD	summary plan description

CHAPTER 1

INTRODUCTION

Private pension plans have long been encouraged through favorable tax treatment of the plans, their sponsors, and participants by the Internal Revenue Code. Favorable tax treatment means that employer contributions to pension plans are generally tax deductible, earnings on the contributions held by pension plans are not taxed, and employees do not pay taxes on their benefits until they are received. Plans qualifying for favorable tax treatment had to meet certain conditions--primarily plan funds had to be held for the exclusive benefit of employees and the plans could not discriminate in favor of the sponsoring business owners or highly paid employees.

In reaction to indicated pension plan misuse, the Employee Retirement Income Security Act (ERISA) was enacted on September 2, 1974. Its purpose was to better ensure that workers have an equitable right to, and receive plan benefits. To administer and enforce the act, the plans are required to report substantial amounts of information to the Government.

On May 9, 1979, the Chairman and a Minority Member of the Subcommittee on Labor-Management Relations, House Committee on Education and Labor, advised us that they were concerned about the adequacy of ERISA report collection and processing and the completeness of the data collected. They asked us to investigate the activities of the agencies having ERISA reporting jurisdiction. On the same day, Senator David L. Boren advised us that many pension plan administrators had been asked to file reports required by ERISA that had already been filed. He asked that we look into possible waste and duplication. Work requested by Senator Boren is included as part of the broad review requested by the Subcommittee.

ERISA established comprehensive minimum standards and requirements for how employees become eligible to participate in pension plans (participation standards); how employees earn a nonforfeitable right to pension benefits (vesting standards); how the plans are to be funded (funding provisions); how the plans are to be operated in the best interests of plan participants (fiduciary standards); and to what extent plan information is to be reported and disclosed to the Federal Government, plan participants, and other interested parties (reporting and disclosure requirements). In addition, ERISA established fiduciary standards, and reporting and disclosure requirements for private welfare plans.

ERISA also established insurance programs to guarantee payment of at least part of the vested benefits promised to participants of

single and multiemployer-sponsored 1/ defined benefit pension plans 2/ that become unable to pay benefits. Benefits of the pension plans guaranteed by the single and multiemployer insurance programs not paid by the plans or their sponsors are financed by insurance premiums paid by ongoing plans and by investment earnings.

ERISA's enactment did not change the favorable tax treatment concept but did increase standards for qualification for favorable tax treatment. In addition to the nondiscrimination and exclusive benefit rules established before ERISA, plans now must meet ERISA's minimum participation, vesting, and funding requirements.

Over 1 million pension plans with about 56 million participants and over \$375 billion in assets are covered by ERISA. About 89,000 plans with about 33 million participants are covered by the insurance programs. According to the Internal Revenue Service (IRS), most of these plans take advantage of favorable tax provisions, which the Department of the Treasury estimated will cost over \$23 billion in taxes foregone for fiscal year 1981.

Responsibility for the act is assigned to the Department of Labor, IRS within the Department of the Treasury, and the Pension Benefit Guaranty Corporation (PBGC), which was established by ERISA. Labor is primarily responsible for enforcing ERISA's fiduciary provisions and for making sure that plan information is reported and disclosed to plan participants and other interested parties. IRS is primarily responsible for enforcing ERISA's participation, vesting, and funding provisions and for making sure plans meet Internal Revenue Code requirements for favorable tax treatment. PBGC administers the insurance programs.

Labor and IRS administer their ERISA responsibilities at their Washington, D.C., national offices and numerous field offices. PBGC primarily administers its responsibilities at its Washington, D.C., headquarters.

1/Multiemployer plans are generally established through collective bargaining and contributed to by more than one employer. Single employer plans include those plans which are established and contributed to by one employer or employee organization.

2/A defined benefit plan provides definitely determinable benefits to participants based on such factors as years of employment, age, and compensation received. The other major type of plan covered by ERISA is the defined contribution plan, in which there is a separate account for each participant. Contributions to each participant's account are invested, and benefits received are based on the amount in the participant's account.

PLAN INFORMATION REPORTED TO THE GOVERNMENT

The specific ERISA reporting requirements and those added by Labor, IRS, and PBGC caused pension plan administrators to report plan information to each of the three agencies. In total, the information to be reported is voluminous. The primary ERISA documents initially required to be filed with Labor, IRS, or PBGC by pension plans on a recurring basis were the ERISA annual report, plan description, summary plan description (SPD), and the annual premium filing. Except for the annual premium filing, these documents had to be made available to the public by Labor. The plan description reporting requirement was eliminated by regulation in June 1979, and the annual report requirements have been changed considerably.

During fiscal year 1980, Labor, IRS, and PBGC spent about \$8 million to process the three required documents--\$7.6 million for annual reports, \$399,000 for annual premium filings, and \$137,000 for SPDs. A brief description and history of the required documents follow.

Annual report

ERISA required most pension plans to file an annual report (Form 5500), containing basic plan financial and operational information, with Labor; Labor is to publicly disclose the reports. Although Labor and IRS designed the Form 5500 so that one annual report would serve both agencies' information needs, most plans initially had to file the reports with both Labor and IRS. The first reports were filed for plan year 1975. ^{1/} By the time plan year 1977 annual reports were due, PBGC's annual information needs had been added to the reports. However, duplicate reporting was eliminated by requiring the reports to be filed only with IRS. IRS is primarily responsible for processing the reports; it shares the information with Labor and PBGC on a cost-sharing reimbursable basis.

The ERISA annual report requirements are discussed in more detail in chapter 2. Copies of the Form 5500 are included in appendixes V and VI.

Plan description and summary plan description

ERISA required most pension plans to file a plan description and an SPD with Labor. Both descriptions were to identify the plan, who was responsible for administering it, and how it was

^{1/}The plan year 1975 annual report covers plan operations for the plan year starting during calendar year 1975.

supposed to be administered, including plan financing, participation, and vesting requirements. Material changes to the descriptions were to be provided to Labor on a continuing basis.

Although the two descriptions were to contain the same information, and both had to be provided to Labor, there were differences in the ERISA requirements. Plans had to provide each plan participant with the SPD and material revisions to it, called summary of material modifications, whereas the plan description and its revisions had to be provided to participants only on request. Further, the SPD had to be in narrative form, whereas the plan description information could be provided using forms prescribed by Labor. Labor designed and prescribed Form EBS-1 to meet plan description filing requirements.

In 1979 Labor issued a regulation eliminating the plan description filing requirement because the information provided by the form was available from another ERISA report--the SPD. More detail on the information required to be included in the descriptions and a copy of the Form EBS-1 used at the time of its elimination in 1979 are included in appendix VII.

Annual premium filing

Insured defined benefit plans have been required to pay premiums annually to PBGC since plan year 1974. PBGC requires the annual premium filing (Form PBGC-1) to be submitted along with the premium payment. The PBGC-1, a copy of which is included in appendix VIII, is basically an accounting document identifying the premium payor and the basis for the premium computation.

Other reporting requirements

There are other ERISA reporting requirements. For example, IRS makes determinations of a plan's qualification for favorable tax treatment (referred to as a tax qualification determination) when requested by plan administrators. Plan administrators can request determinations when a plan is started, amended, or terminated. When applying for a determination, plans have to provide IRS with plan design and operation information by submitting a completed form (IRS Form Series 5300) and copies of plan documents.

OBJECTIVES, SCOPE, AND METHODOLOGY

As agreed with the offices of the Chairman and Minority Member of the Subcommittee on Labor-Management Relations, we concentrated our review on determining the adequacy and effectiveness of (1) agencies' efforts to make sure pension plan administrators file ERISA annual reports, annual premium filings, and summary plan descriptions and (2) IRS' efforts to assure that annual reports filed by plan administrators are complete.

Our scope and methodology are discussed below.

Agencies' efforts to assure that
plans file ERISA reports

The multiple reports reviewed by us and the varying degree of agencies' efforts to ensure reporting compliance required that we use different approaches to evaluate agencies' efforts. In late August 1979, we started a broad review at Labor, IRS, and PBGC headquarters in Washington, D.C., to determine how well agencies had assured that plans file the required reports. We reviewed related reporting requirement legislation and regulations, each agencies' compliance policies, and we interviewed agency officials.

We reviewed agencies' procedures and methods for identifying and obtaining missing reports, and information on the effectiveness of their efforts. Where we believed the information did not adequately show the agencies' overall effectiveness, we made our own analysis. The procedures and information we used for our analysis are discussed in the report sections where we use them.

Where the agencies had made no major effort to assure full reporting, we reviewed and discussed with agency officials any efforts that had been made and their plans to do more. We also used computers to compare data on plans that should have filed a particular report with plans that filed to ascertain nonreporting. We considered reporting requirements and exceptions and discussed them with agency officials and tested our computer programs and procedures to ensure their reliability.

We obtained the information for our comparisons from the three agencies. The primary computer files used were IRS' file of plans that had filed annual reports, PBGC's file of plans that had filed annual premium filings, and Labor's file of plans that had filed SPDs and modifications to them. According to the agencies, the files contained information available as of August 1979. Because the agencies' files contained much more information than we needed for our comparisons, we took information from the files and established our own files. We tested the results of this task to make sure we accurately and completely retrieved the information from the files.

In making our comparisons, we used the employer identification number (EIN) and plan number (PN) in combination to identify plans. These two sets of numbers are used by Labor, IRS, and PBGC as the primary plan identifier in their respective information systems.

The EIN is the 9-digit tax number assigned by IRS to businesses and organizations. The EIN is to businesses what the social security number is to individuals. Plan administrators are required to use the EIN of the entity sponsoring the plan as part of the plan identifying number. The 3-digit PN, assigned by the plan administrators, is the other part of the plan identifying number.

It distinguishes between multiple plans of the same sponsor. Plan administrators are to consecutively assign PNs to pension plans starting with the number 001. For example, if a business with EIN 123456789 has two pension plans, one of the plans should be numbered 123456789-001, and the other 123456789-002. Plan administrators are to consistently use the same EIN/PN to identify their plans on all ERISA reports from year to year.

Because accurate EINs and PNs are necessary for identifying plans not filing reports, we assessed the adequacy of the agencies' controls to assure accuracy. To do this, we reviewed processing procedures, observed the processing of certain types of reports, reviewed available information on the results of the use of the identifiers, and interviewed cognizant officials.

Where we found indications that plan identifiers could be inaccurate because of inadequate agency controls, we discuss, in the appropriate sections of this report, the potential effects of inaccurate identifiers on the results of our comparisons to ascertain nonreporting and agencies' efforts to assure that plan administrators file reports. Because ERISA does not give us access to private employee benefit plan records for reviews such as this and the agencies themselves encountered substantial adverse plan administrator reaction to inquiries about possible nonreporting, we did not attempt to contact plan administrators to determine the extent to which the results of our comparisons showed nonreporting or the inability to identify reports filed with inaccurate data. We believe, however, that the results of our comparisons and information available from the agencies are adequate to indicate the effectiveness of the agencies' efforts to make sure plan administrators file ERISA reports.

We also obtained information on, and discussed with agency officials, certain alternatives that could assure plan reporting or accomplish ERISA's reporting objectives at less cost to the Government and the plans.

IRS' efforts to assure that annual reports are complete

As discussed in more detail in chapter 2, 10 IRS service centers are responsible for reviewing the completeness of annual reports and for obtaining missing information from plan administrators.

To assess the effectiveness of IRS service center activities to process annual reports with complete information, we interviewed IRS headquarters officials and reviewed service center annual report processing policies and procedures which are developed by IRS headquarters and used by all 10 service centers. At IRS' Austin service center, we reviewed the processing of

selected annual reports received by the service center over a 2-month period to identify weaknesses in IRS' overall processing policies and procedures and in particular processing steps.

To determine how much incomplete information annual reports contained after service center processing, we:

- Asked Labor, IRS, and PBGC to identify each line item on the annual report Form 5500 that they considered critical for satisfying their program operations and public disclosure needs. (Copies of the 1977 annual report Form 5500 are included in app. V.)
- Reviewed 15 of the line items identified by one or more of the three agencies as critical and required to be computerized by service centers. (A list of the 15 line items selected is included in app. III.)
- Used computers to determine how many critical information items were missing from about 350,000 plan year 1977 pension plan annual reports processed by IRS as of August 1979. The 350,000 annual reports represented about 34 percent of the 1 million pension plan annual reports that had been processed by IRS as of August 1979 and about 81 percent of the participants reported by those plans. (The tables in apps. I and II provide more detailed information on plan year 1977 pension plan annual reports processed by IRS as of August 1979 and covered by our analysis.)

CHAPTER 2

INADEQUATE MANAGEMENT OF ANNUAL REPORT INFORMATION

The annual report provides Labor, IRS, and PBGC with the information needed to administer and enforce ERISA. Although complex and voluminous, the agencies believe most of the information provided by the annual report is needed for these purposes. We found, however, that the annual reporting requirements are not being effectively, efficiently, or economically administered. As a result, plans may not be filing the reports, attempts to assure that the reports are filed have wasted Government resources and irritated plan administrators, and many of the reports filed are incomplete or inaccurate.

Labor and IRS (both collected annual reports during ERISA's early years) separately attempted in calendar year 1979 to assure that the plans filed reports. However, these efforts had to be stopped because large numbers of plan administrators were being questioned about reports they had already filed or did not have to file. Because Labor used inaccurate and incomplete information, it unnecessarily contacted administrators of over 147,000 plans. IRS also unnecessarily contacted a large, but indeterminable, number of plan administrators for similar reasons.

We also found that, when information is missing from reports that are provided by plan administrators, IRS is not taking adequate action to obtain the missing data. Although IRS asks plans to provide some missing report information line items, it does not further pursue the information if the plans fail to respond. Further, IRS does not ask plans for most line items if missing. This lack of information pursuit is the primary cause for at least 78,000 plan year 1977 annual reports (covering over 6 million participants) being included in IRS' computerized data base with one or more critical information items missing.

The failure to make sure that plan administrators file annual reports and that the reports contain information essential for administering and enforcing ERISA results in pension plan participants not receiving the protection envisioned by ERISA. The agencies need to

- identify the plans that have to meet ERISA requirements,
- be able to scrutinize the plan operations to ensure that they meet the requirements, and
- be able to achieve ERISA public scrutiny requirements.

IRS has made substantial efforts to increase its identification of plans not filing reports, and it plans to do more. In addition, in January 1981 IRS restarted its program to obtain annual reports from plans not filing them. We found no evidence, however, that IRS plans to take more forceful action to obtain missing information from filed reports.

THE ERISA ANNUAL REPORT

The administrative needs of Labor, IRS, and PBGC for annual information, in addition to the specific information required by ERISA, have resulted in the pension plan annual report requirements becoming complex and voluminous. The types of information the plans have to report broadly include plan identification data and information on plan type, participants, merger, termination, assets, liabilities, income, expenses, and such important plan events as the inability to pay benefits and funding deficiencies.

The amounts of information the plans have to report varies by their size and type. Briefly, corporate and Keogh ^{1/} plans with 100 or more participants are required to file a more extensive annual report called the Form 5500. The information items on the Form 5500 total about 220. In addition, plans providing participant benefits through an insurance company or service, or other similar organizations have to file Schedule A, called Insurance Information, with the Form 5500. Defined benefit plans are required to provide information on the actuarial evaluation of their funding requirements on Schedule B, called Actuarial Information. The Form 5500 has changed little since its development. However, beginning with plan year 1978, the Schedule B was changed to require more information on the plan's actuarial evaluation.

Corporate and Keogh plans with less than 100 participants have been required to annually file less extensive reports called Forms 5500-C and 5500-K, respectively. The total information items on the two forms range from about 80 on the Form 5500-K to 124 on the 5500-C. Starting with plan year 1980, these smaller plans will start reporting under a new triennial filing system. This system requires plans to report more information than in the past, but only once every 3 years using revised Forms 5500-C and 5500-K. The total information items on the two revised forms range from 93 on the Form 5500-K to 179 on the Form 5500-C. In the intervening 2 years, the plans are required to file a shorter form, called the 5500-R, which is intended to provide minimal

^{1/}Keogh or H. R. 10 plans are those sponsored by self-employed individuals for themselves and their employees. Beginning with plan year 1978, Keogh plans that have had only owner-employees as participants no longer have to file annual reports.

annual information for continuous plan review. These smaller plans are also required to file Schedules A and B, as appropriate.

Copies of the 1977 and 1980 Form 5500, and Schedules A and B, are included in appendixes V and VI, respectively.

ANNUAL REPORT USE

The annual reports provide all three agencies with information for administering and enforcing ERISA. Both Labor and IRS are using the information for monitoring the year-to-year operations of plans and identifying and directing their enforcement resources. Except for research purposes, PBGC has made little use of the annual report information for administering its responsibilities. It plans, however, to use the information on insured plans to see that the plans pay their premiums and report their termination.

Initially, both Labor and IRS manually reviewed the reports to identify possible ERISA violations. During calendar year 1977, Labor started providing its field offices with computer-generated summaries of annual report information. The summaries provided field offices with the general characteristics of plans in their areas of responsibility to assist them in targeting plans for audit. Labor is now using some of its computerized annual report information to target for examination plans that may be violating specific ERISA requirements. Labor plans to expand this targeting approach.

IRS started a pension plan compliance measurement program in January 1980. This program involves comprehensive audits of a random sample of about 18,000 plans that filed 1978 annual reports. The comprehensive audits are to develop an objective system for using computerized annual report information to evaluate and select, for audit, plans that have the highest potential for not meeting ERISA requirements. Since IRS does not expect to implement the system until 1983 or 1984, it has developed an interim system for evaluating 1980 annual report data to automatically target plans for audit that have certain potential deficiencies. These characteristics include plans terminating without tax qualification determinations being requested, plan amendments resulting in reduction of participants' benefits, and funding deficiencies. IRS plans to start using the interim targeting system during fiscal year 1982.

In addition to using the annual report information for enforcement, Labor makes the annual reports available to participants and others upon request. Further, both Government agencies and private parties have used the annual report information to research employee benefit matters.

ANNUAL REPORTS ARE CRITICAL TO EFFECTIVE ERISA ADMINISTRATION

According to the agencies, most of the annual report information is critical for effective ERISA administration and enforcement. To ascertain the need for the information, we asked each agency to provide its opinion of the relative need of each plan year 1978 annual report information item. ^{1/} Although the views of the agencies differed about the need for certain items, their collective views indicated that over 94 percent of the items in the annual reports were critical for ERISA enforcement and public information purposes. They also indicated all of the Schedule B and 70 percent of the Schedule A items were critical. In addition, they indicated that all of the remaining items on the forms and schedules were needed. In no case did they indicate that any item was not needed.

The agencies' views on the need for information to enforce ERISA requirements is further demonstrated by their justification for the 3-year filing system, which increased the amount of annual report information to be reported by plans with less than 100 participants. According to Labor and IRS, the purpose of the more detailed 3-year reporting requirements was to provide them with information to protect plan participants while avoiding onsite investigations of plans meeting ERISA requirements.

ATTEMPTS TO OBTAIN MISSING ANNUAL REPORTS FAILED

Both Labor and IRS, recognizing the annual reports' importance in protecting the interests of pension plan participants, started programs in calendar year 1979 to make sure plans were filing the reports. These programs, however, were stopped shortly after they were started because large numbers of plan administrators, many of whom became irate, were being questioned about reports that they had already filed or did not have to file. Labor alone unnecessarily contacted over 147,000 plans. Although the number of unnecessary contacts made by IRS cannot be accurately determined, it was large. For example, available information indicates that at least 25,700 of the reports requested by IRS had already been filed. These erroneous contacts wasted the agencies' resources and irritated plan administrators.

^{1/}See appendix V for copies of the plan year 1977 annual report Form 5500 and Schedule A which are virtually the same as those used for plan year 1978. See appendix VI for a copy of the plan year 1980 Schedule B, which is the same as that used for plan year 1978.

The unnecessary inquiries were made mainly because the agencies used inaccurate and incomplete information to identify plans not filing reports. In Labor's case, it resulted from not using available information on reports filed, and failing to establish controls to ensure that data used to identify plans not filing reports were accurate. In IRS' case, problems resulted from inadequate procedures and controls to account for filed reports and from not assuring the accuracy of information used for identifying plans not filing reports.

Labor's efforts to obtain missing reports were ineffective

In April 1979 Labor attempted to ensure that plans filed plan year 1975 and 1976 annual reports. Labor sent letters to over 299,000 plans ^{1/} asking about reports that appeared not to have been filed. Plan administrators complained to Labor that they had already filed the reports. Labor asked at least 147,000 (49 percent) of the 299,000 plans about reports that they had already filed or did not have to file. Specifically,

- 78,575 plans were asked about reports already filed because Labor did not use current information to identify reports not filed;
- 62,800 plans were asked about reports already filed because Labor used inaccurate information to identify reports not filed; and
- 5,892 plans were asked about reports they did not have to file because Labor, in identifying reports not filed, did not consider whether plans existed during the years covered by the reports.

To identify plans that may not have filed annual reports, Labor compared its computerized files of information on plans filing plan descriptions (Form EBS-1) and annual reports. Labor believed that plans filing plan descriptions should have filed annual reports. Labor apparently took this position because the

^{1/}Both private pension and welfare plans were required to file plan year 1975 and 1976 annual reports with Labor. Labor's attempts to ensure that plans filed the reports were directed at both types of plans. Information was not readily available on the number of letters sent to each type. Therefore, the term "plans," when referring to Labor's attempts to obtain missing reports, covers both types of plans even though the scope of our review was primarily directed to pension plan reporting.

plan description was the first ERISA report that most plans had to file with Labor. 1/

Labor's comparison involved identifying plans filing a plan description but not filing a 1975 or 1976 annual report. In making its comparison, Labor used the employer identification number (EIN) and plan number (PN) to identify plans on each file. IRS and PBGC also use a combination of this set of numbers as the primary plan identifiers.

Labor identified 299,146 plans that appeared not to have filed 1975 and 1976 reports. Labor sent letters to all 299,146 plans identified in mid-April 1979. The letter advised the plans that Labor's records indicated that a 1975 or 1976 report, or both, had not been filed. The letter asked the plans to either (1) send the report if it had not been filed, (2) send a copy of the report if it had been filed using the same plan identification information as on the letter, (3) provide plan identifying information used in filing the report if it had been filed using information different than on the letter, or (4) provide a reason the report was not required to be filed.

To more accurately identify plans that had not filed reports, Labor should have made its comparison to identify plans not filing reports shortly before mailing the letters using the most current information. We found, however, that Labor made the comparison in December 1978 using June 1978 information on plans filing reports. Between mid-June 1978 and the end of February 1979, Labor had received and recorded an additional 181,853 plan year 1975 and 1976 annual reports.

Using the more current February information that was available to Labor over a month before the letters were mailed and the same comparison techniques used by Labor, we found that Labor sent letters to 78,575 plans even though it had information showing that the plans had filed the reports.

Labor also did not consider when a plan started, or if it had terminated or merged into another plan, in making its comparison. Labor should have considered these factors because plans are not required to file reports until they are established, if they merge into another plan, or if they have terminated and distributed assets.

1/Pension and welfare benefit plans were required to file an abbreviated Form EBS-1 by August 31, 1975, and a more detailed Form EBS-1 by May 30, 1976. A copy of the more detailed Form EBS-1 is included in appendix VII. Although annual reports are now required to be filed 7 months after the close of the plan year, 1975 plan year reports had to be filed by December 15, 1976, or 11-1/2 months after the close of the plan year, whichever was later.

We found that 5,892 plan administrators were asked about reports for years the plans did not exist. Specifically, 3,325 plans were asked about reports for plan years before they were established, and 2,567 were asked about reports for plan years after they had been terminated or merged into another plan.

Use of the EIN and PN to make comparisons, such as Labor's, requires that the same EIN and PN combination be used consistently to identify the same plan. If a plan was identified by one EIN and PN combination when filing a plan description and another when filing an annual report, the plan would be identified as not filing the annual report. Labor had no controls to see that both plan descriptions and annual reports for the same plan were identified by the same EIN and PN combination; rather, Labor recorded the EIN and PN reported without any verification of their accuracy.

Labor's analysis of responses to its letters shows that, because of inaccurate EINs and PNs, at least 62,800 plans were sent letters about reports even though the reports had been filed.

IRS stopped efforts to obtain
missing annual reports

In January 1979 IRS started a program to assure that pension plan administrators filed annual reports. Seven months later, however, IRS suspended the program because inaccurate and incomplete information resulted in many plan administrators being asked about reports they did not have to file or had already filed.

IRS first planned to ask plan administrators about the older 1976 and 1977 reports; after this, missing reports were to be identified and obtained on a current-year basis. In early 1979 IRS started advising plan administrators that it had no record of receiving a report for a particular plan year. IRS' letter asked the plan administrators to (1) file the report if it had not been filed, (2) provide plan identifying information used to file the report if it had been filed using information different than on the letter, or (3) provide a reason the report did not have to be filed.

By July 1979 IRS was receiving complaints from plan administrators and it had indications from its staff that a large number of reports were being asked about in error. Many of the plan administrators accused IRS of harassment and others refused to answer further inquiries.

In early August 1979 IRS stopped requesting plans to file "missing" annual reports, and it stopped resolving responses to letters already sent because of the indicated magnitude of the erroneous inquiries and the irritation it was causing plan administrators. At that time, IRS had asked over 201,000 plans about

1976 and 1977 annual reports, and it had resolved over 135,000 responses to its inquiries.

In resolving the 135,000 responses, IRS did not compile detailed information showing the total number of inquiries made in error. However, the number was apparently large. For example, at least 25,700 of the reports had already been filed.

IRS was actively identifying the causes of erroneous inquiries at the time we started our review in August 1979. During our review, we monitored IRS' efforts. IRS found that several inadequate report processing procedures and controls were causing the errors, including:

- Inadequate controls to assure the accuracy of plan identification information.
- A computer programming error that failed to record that a plan was no longer required to file annual reports (e.g., the plan had terminated).
- Inadequate procedures for accounting for reports received but not processed.

Although information was not available to identify the extent each problem caused the errors, according to IRS officials, the major cause was inaccurate plan identification information.

To identify plans for which reports were not filed, IRS compared various types of information on its computerized master file of pension information. This file contains an account for each plan that has filed annual reports and/or requested a tax qualification determination. The EIN and PN are the primary plan identifiers on the file. IRS used the EIN and PN in combination to identify active plans that had filed a report one year but not the next, or that had requested a determination but had never filed a report. Active plans are generally those that have not terminated or merged into another plan.

The EIN and PN must be consistently used to identify the same plan to correctly identify a plan as not filing reports. If a plan is identified by one EIN and PN combination when a determination is requested and another when filing an annual report, the IRS computers will generate a request asking the plan administrators to file the report. Also, if a plan's annual report for 1 year is identified with one EIN and PN combination and another when the next report is filed, the plan will be identified as not filing the subsequent report and the plan administrator will be asked to file the report.

IRS, however, did not adequately control EINs and PNs. IRS' EIN control procedures called for the accuracy of annual report EINs not matching one already on the files to be verified before being recorded and creating a new plan account. IRS, however, allowed the verification procedure to be bypassed and a new plan account to be established when plans completed the EIN information rather than using the preprinted plan identifying label provided by IRS. ^{1/} In effect, IRS was erroneously assuming that reports with nonmatching EINs were being filed by plans not already on its file. In the case of PNs, IRS did not have controls to determine whether the PN matched one already on its file or represented a plan that had never filed information with IRS.

INADEQUATE FOLLOWUP RESULTS IN MISSING CRITICAL INFORMATION

Although most of the annual report information line items are considered critical for effectively administering and enforcing ERISA, IRS--apparently with the agreement of Labor and PBGC--does not adequately follow up to obtain information missing from the annual reports. When processing the reports, IRS asks plans to provide, but does not take enforcement action to obtain, certain types of missing information and does not ask plans for most line items if missing.

This lack of adequate followup to obtain information is the primary cause of at least 78,000 (22 percent) of 350,668 plan year 1977 annual reports being processed with one or more critical information line items missing, with about 19,000 (over 5 percent) missing five or more items. The 78,000 reports with missing information represented plans with over 6 million participants.

We found indications that large numbers of plans missing certain information items hampers the agencies' ability to effectively administer and enforce ERISA.

Overview of annual report processing

When IRS, through agreement with Labor and PBGC, became solely responsible for processing plan year 1977 and later annual reports, it agreed to review report content for completeness, obtain missing

^{1/}It is IRS' practice to send to the administrator of each plan on its files an annual report package containing blank report forms, instructions for completing them, and a preprinted, peel-off label containing basic plan identification information, including the EIN and PN. The label, which is to be put on reports filed by plan administrators, helps assure that the plan identifier remains consistent and relieves plan administrators of the burden of filling in the information.

information, record certain information on computer tape, and microfiche ^{1/} the report. Although IRS maintains the master file of computerized information, it agreed to provide Labor and PBGC with copies of that part of the information they need for administering and enforcing ERISA. IRS also agreed to provide Labor with microfiche copies for its enforcement and public disclosure use.

IRS processes the annual report at its 10 service centers, its National Computer Center in Martinsburg, West Virginia, and its Detroit Data Center. Plan administrators send the reports to the service centers. The service centers review the reports, contact plan administrators to obtain missing information, record certain information on computer tape, computer edit the information, and send the computer tapes to the National Computer Center.

The National Computer Center verifies the plan identification information, records the report information on the master file, and sends Labor and PBGC computer tapes containing the report information they need. If the National Computer Center finds problems with the accuracy of plan identification information, it sends the report information back to the appropriate service center for plan identifier correction. After correction, the service center resubmits the report information to the National Computer Center.

At the start of our review in August 1979, the service centers were required to send the hard copy of the annual report to the Detroit Data Center for microfiching after the computerized information had been accepted by the National Computer Center. Because of continuing problems with its microfiche system, IRS found that it did not have the ability to timely produce quality microfiche on a cost basis competitive with the contractor Labor used to microfiche the reports before IRS became responsible for this task. In February 1980 IRS decided to study the microfiche system to determine if it could resolve the program's problems in a manner which would make the system cost competitive or if it should stop the microfiche project.

Because IRS had not finished microfiching 1977 annual reports that plans started filing by July 1978, and had not started microfiching 1978 reports that plans started filing by July 1979, Labor, with the agreement of IRS, hired a private contractor in July 1980 to microfiche 1978 reports.

^{1/}Sheets of photographic film containing rows of reduced pages of printed matter that can be read on special viewing machines or used to produce paper copies on duplicating machines similar to the common office copiers.

Even though IRS believed it could improve microfiche timeliness and quality, in October 1980 it decided to shut down its microfiche system after completing the 1977 reports because the system was not cost competitive with the private contractor. In January 1981 Labor and IRS also decided to hire the private contractor to microfiche the 1979 annual reports.

"Critical" information missing

To determine the extent annual reports processed by IRS were missing critical information, we analyzed computerized data on 350,668 defined benefit and defined contribution pension plan 1977 annual reports processed by IRS to see how many were missing 15 information line items. All of the 15 items were considered critically needed by at least one of the three agencies. The reports we reviewed were filed by corporate and Keogh plans with 100 or more participants (Form 5500) and corporate plans with less than 100 participants (Form 5500-C). These reports represented 34 percent of the pension plan reports processed as of August 1979, and 81 percent of plan participants reported on the reports. ^{1/}

We found that over 78,000 (22 percent) of the 350,668 reports were missing one or more of the information items; about 45,000 (about 13 percent) were missing two or more items and about 19,000 (over 5 percent) were missing five or more. Our analysis probably significantly understates the number of reports with missing information and the number of items missing from reports because the 15 items in our analysis represent only about 7 percent of the Form 5500 items and 12 percent of the Form 5500-C items considered critical by the agencies. The 78,000 reports with missing information represented plans with over 6 million participants.

Our analysis also showed that a high percentage of both types and sizes of plan reports were missing information. About 32 percent of the defined benefit plan and about 19 percent of the defined contribution plan reports were missing information. About 23 percent of the reports representing plans with less than 100 participants and about 17 percent of the reports representing plans with 100 or more participants were missing information.

We also found that both the number and percent of reports missing specific information items varied significantly. The number of reports with a specific item missing ranged from more than 39,000 to less than 400 reports. Further, three of the items were missing from less than 1 percent of the reports whereas one of

^{1/}More detailed information on the reports processed by IRS and those we reviewed is included in the tables in appendixes I and II. More detail on the 15 line items included in our review is provided in appendix III.

the items was missing from more than 15 percent. For example, 39,835 (11.4 percent) of the 350,668 plans were missing plan asset information and 387 (less than 1 percent) were missing information on type of plan entity (i.e., single employer and multiemployer).

More detail on the number and type of reports with missing information items, by size and type of plan and type of item missing, is included in appendix III.

Missing information hampers ability to protect participants

Missing annual report information hampers the ability of the agencies, participants, and others to scrutinize pension plan operations to see that they meet ERISA requirements.

For example, Labor provides its field offices with annual report information on the general characteristics of plans in their areas of responsibility to assist them in targeting plans for audit. Two of these characteristics--plan assets and participants--help the field offices to decide where to concentrate limited resources to provide the most protection to plan participants. We found, however, that the ability to use these two characteristics to make enforcement decisions was limited because 39,835 reports were missing asset information and 13,612 were missing total plan participant information.

As another example, IRS plans to start using annual report information about the end of calendar year 1981 to target pension plans for audit that have certain ERISA noncompliance characteristics. We found, however, that one of the information characteristics needed to target plans for audit was missing from 13,069 of the annual reports.

In addition, PBGC is planning to use the annual report information to identify defined benefit plans covered by the benefit guaranty insurance programs that are not paying premiums or have not reported their termination. To use the annual report for these purposes, PBGC needs to know whether the plan is covered by the insurance program. We found that of the over 105,000 annual reports filed by defined benefit plans, 16,203 (about 15 percent) did not contain information on whether the plans were covered by the programs.

IRS does not adequately follow up to obtain missing information

Each year, Labor, IRS, and PBGC jointly determine the information line items to be required by the annual reports and which of those items IRS will try to obtain if missing from the reports

filed. For plan year 1977 annual reports, the agencies agreed that IRS should try to obtain 80 (38 percent) of the 209 Form 5500 and 52 (44 percent) of the 117 Form 5500-C information line items considered critical by one or more of the agencies.

IRS asks plan administrators by letter to provide, within 30 days, those items missing from the reports that the agencies have agreed to pursue. If the the missing information is provided within 60 days, IRS adds the information to the reports. If the plan administrators do not respond to IRS' request or if their responses do not provide all of the information requested, IRS makes no further effort to obtain the missing information. Further, although the annual report instructions caution that ERISA provides penalties for failure to furnish complete information, IRS has not established procedures for invoking the penalties.

As previously pointed out, large numbers of reports processed by IRS are missing critical information. We found that this situation is primarily caused by inadequate IRS followup to obtain missing information.

Our review of 200 requests for missing information made by IRS' Austin Service Center during November and December 1979 showed that 35 percent of the plan administrators did not provide all or part of the information requested. Our review of 125 pension plan reports processed by the service center during the same period showed that procedures for contacting the plans to obtain missing information were followed for 97 percent of the reports.

Our computer analysis showed that many reports were missing critical information items whether or not IRS requested the information. The 15 information items we reviewed to determine the extent of information missing from reports included 12 items requiring contact with the plans if they were found missing, and 3 items not requiring contact. The number of reports missing 1 of the 12 items ranged from less than 400 to over 39,000. For example, 39,835 plans were missing plan asset information.

The number of reports missing one of the 3 items ranged from over 5,000 to over 26,000. The 3 items not requiring contact were the effective date of the plan and whether the plan had been amended or had been merged or consolidated into another plan. A list of the 15 items and the extent to which we found each missing from reports are provided in appendix III.

SUBSTANTIAL BUT INCOMPLETE ACTION TAKEN TO IMPROVE ANNUAL REPORT INFORMATION

Although Labor resolved the 202,482 responses it received when it asked plan administrators about whether they had filed 1975 and 1976 annual reports, it plans no further effort to

correct inaccurate plan identifying information or to obtain missing reports. Further, IRS does not plan to make any further effort to obtain missing 1977 and earlier reports.

IRS has made substantial effort, and plans to do more, to improve the accuracy of its information for identifying plans not filing annual reports. Further, in January 1981 IRS restarted its program to obtain 1978 and later reports not filed. We found no evidence, however, of any IRS plans to more aggressively follow up to obtain critical information missing from the reports that are filed.

Improving information accuracy

According to IRS officials, the inadequate report processing procedures and controls, except for those relating to PNs, that contributed to plans being asked about reports they had filed or were not required to submit had been corrected by January 1981. Further, between April and October 1980 IRS spent about \$242,000 to manually review the information in its master file of pension plan information to eliminate multiple EINs used to identify the same plan. According to IRS, the 72,471 duplicate EINs that were found and eliminated by this project should significantly reduce future erroneous requests for annual reports already filed.

IRS has also recognized the need to assure that plans are consistently identified with the same PN. In February 1980 IRS considered implementing PN validity check controls by July 1980 but delayed implementation until July 1981 because limited available computer programming resources were needed to make other changes to its pension plan master file programs. IRS has again extended PN control implementation until September 1981. Because PN accuracy is critical to the effectiveness of IRS' program for identifying and obtaining missing annual reports, in our opinion, the implementation of PN controls should be undertaken as soon as possible.

Obtaining missing reports

In January 1981 IRS restarted its program to obtain missing 1978 and later annual reports from plans that have previously filed a report or requested a tax qualification determination. IRS started by requesting 43,046 plans on a calendar year operating basis to file 1978 reports. By January 1982 IRS intends to have requested plans to file both 1978 and 1979 missing reports and to start requesting 1980 reports. Considering that plans are not required to file a report for each year until 7 months after the end of the plan year and allowing 5 months for IRS to process the report, the program will be running on what IRS calls a current-year basis.

IRS also started testing another approach for further identifying and obtaining missing reports in late February 1981. IRS computerizes information on contributions to pension plans reported by businesses on their income tax returns. IRS compared its pension plan information with the business tax deduction information to identify plans being contributed to but not filing annual reports or requesting tax qualification determinations. Through this comparison, IRS identified over 45,000 plans that may not be filing annual reports. To test the approach, IRS requested 6,239 of the 45,125 businesses identified to file reports for their plans, or notify IRS that the reports have already been filed or do not have to be filed for a particular reason. According to IRS, the test results will be used to decide if the approach is worthwhile.

CONCLUSIONS

The private pension plan annual reporting requirements have become complex and voluminous. The three agencies, however, consider most of the information essential for effectively administering and enforcing their responsibilities.

Some plan administrators may not be filing the reports, and large numbers filed are incomplete. Also, inaccurate plan identifying information has resulted in ineffective efforts to assure that plans file annual reports. IRS' current efforts to obtain missing annual reports, if effectively administered on a continuing basis, should improve the agencies' information needed to protect the rights of plan participants and help to improve identification of plans for which reports are not filed.

We believe, however, that resources will continue to be wasted unless IRS improves the accuracy of plan identifying information. IRS should carry out its plans to implement in September 1981 adequate procedures to control the accuracy of the PNs used to identify individual plans.

In addition, we believe that inadequate action by IRS to obtain needed information missing from large numbers of reports filed will continue to hamper the agencies' ability to protect participants' rights. In our opinion, if the agencies critically need the information, IRS should obtain it, including invoking penalties when plans fail to provide the information. On the other hand, inadequate followup to obtain missing information raises a question of whether the data are really critical or whether plan administrators who provide the data should be so burdened. We believe that the need for each annual report information item should be reassessed and those information items determined not needed to carry out ERISA's overall goals should be eliminated.

RECOMMENDATIONS TO THE SECRETARIES OF LABOR AND
THE TREASURY, AND THE EXECUTIVE DIRECTOR OF PBGC

We recommend that the Secretaries and the Executive Director reassess the need for each annual report information item and eliminate the reporting requirement for those not needed to carry out ERISA's overall participant protection goals.

RECOMMENDATIONS TO THE COMMISSIONER OF INTERNAL REVENUE

For the annual report information items that are needed, we recommend that the Commissioner implement procedures to assure they are obtained, including invoking penalties when plans fail to provide the information.

AGENCY COMMENTS AND OUR EVALUATION

In September 1981 IRS, Labor, and PBGC (see apps. IX to XI) commented on our draft report.

The agencies generally agreed with our recommendations and indicated that action to comply with them had been or would be taken.

PBGC said that it supported the need to reassess its annual report information requirements and was currently doing so. PBGC also said that it expected to consider this matter with IRS and Labor.

IRS commented that it is cognizant of its responsibility to request only items clearly needed for enforcement activities. IRS said that it endeavored to ensure that only needed items were included on the forms when they were developed. IRS also said that, in implementing the new triennial filing system for smaller plans, it had thoroughly assessed the need for each item on the forms.

IRS indicated that further assessment of the annual report form information items for larger plans would, to a great extent, be duplicative, because many of the items are similar or identical to those on the triennial filing system forms. IRS said that additional indepth consideration of the items should await completion of its compliance measurement program and an analysis of the application of the resultant data to returns being filed. IRS officials told us that such an analysis should be completed in 1984, which in turn could result in a revised plan year 1985 form for larger plans to file starting in calendar year 1986.

Labor agreed that the annual report should be reassessed and those items deemed unnecessary eliminated. Labor commented that the ERISA agencies have engaged in an annual report review and reassessment process each year, which has resulted in many

simplifications of the forms. Labor pointed out that it has learned through this process, and the recent reformulation of annual reporting for smaller plans, that eliminating single items may significantly affect the value of the forms for enforcement purposes, and that forms overhaul leads to a disruption of plans' systems for reporting.

Labor indicated that it has been hesitant to initiate further major forms overhaul with its targeting strategies still being developed and IRS' compliance measurement program still in its preliminary stages. Labor commented that it may be more cost effective to Labor and the public if forms overhaul is delayed until the agencies are certain which information must be required for enforcement needs. Labor did not indicate when it expected to have its targeting strategies developed.

We agree with the agencies that forms reassessment and revision should take into consideration the cost of the information to both the Government and the public and that forms revision should minimize the impact on plans' and the Government's ability to enforce ERISA's participant protection provisions. Also, when the agencies become certain of their information needs, we believe that the triennial reporting requirements should also be reassessed rather than just the reporting requirements for larger plans as indicated by IRS.

In agreeing with our recommendation that it implement procedures to obtain missing needed annual report information, IRS said that it recognizes the importance of reasonably complete annual reports to the effective and efficient enforcement of ERISA. IRS commented, however, that it has been lenient in assessing penalties for incomplete forms filed by plans until plan administrators become familiar with the complex ERISA legislation and regulations. IRS stated that it recently convened a task force to develop procedures for assessing penalties for incomplete reports and examining those report items deemed essential for compliance with the law and IRS processing. IRS said that a plan's failure to provide key items will result in penalty imposition.

Labor pointed out that, although IRS is the primary agency engaged in obtaining missing annual report information, it supplements IRS' efforts to enforce reporting requirements when it investigates or targets for investigation a small number of plans. Labor disagreed, however, with our conclusion that inadequate followup raises a question of whether annual report information items are really critical or whether plan administrators who provide it should be so burdened.

Labor said that, as part of any annual report reassessment, it will consider whether certain information not pursued will continue to be required. Labor disagreed, however, that pursuit of information should be the exclusive factor for retaining reporting requirements on the form. We believe that the need for the information should be the primary determining factor for retaining reporting requirements, taking into consideration the cost of the information to both the plans and the Government. Further, if reporting is a deterrent to wrongdoing, its effectiveness as such is diminished to the extent the information is not reported by plans and not pursued by the Government.

Labor recognized in its comments that it unnecessarily contacted a large number of plans in its attempt to obtain missing annual reports. Labor said, however, that we did not mention in our report the positive results of its efforts. In addition to identifying a large number of EIN and PN errors in Labor's files, which is discussed in the report, Labor pointed out that the effort also resulted in 30,644 missing reports being obtained and 30,387 plan sponsors receiving assistance in resolving reporting problems.

CHAPTER 3

INEFFECTIVE MANAGEMENT OF

PREMIUM COLLECTION AND REPORTING

ERISA created insurance programs to assure that defined benefit pension plan participants receive at least part of the benefits promised if plan assets are insufficient to pay promised benefits. Although premiums are the primary income source for paying guaranteed benefits, PBGC has not made sure that insured plans pay the premiums.

Apparently, PBGC has not done so because of a reluctance to use its data--some of which are inaccurate--for identifying and contacting plans about premiums paid one year but not the next. Also, PBGC did not use the ERISA annual report information for collecting unpaid premiums even though it provides a source for identifying insured plans that have never paid premiums.

Although inaccurate, we believe IRS' annual report information and PBGC's premium payment information can be used for judging how many plans may not be paying premiums. Our use of the data to make several tests on the extent plans paid premiums during 1977 indicates that millions of dollars in premiums may have been lost.

PBGC has taken some action and plans to do more to improve premium collection and the reliability of information on plans not paying premiums. However, PBGC's ability to effectively collect premiums from all insured plans is restricted by its inability to overcome inaccurate data with limited resources. Also, PBGC's efforts to improve the accuracy of its data and collect premiums duplicate IRS' efforts to do the same for ERISA annual reports. As a result, PBGC and IRS are jointly considering consolidation of annual report processing and premium collection.

PREMIUM PAYMENTS AND PROCESSING

PBGC was established by ERISA to assure that certain pension benefits are paid to participants of single and multiemployer sponsored defined benefit plans. ERISA required insured plans to pay annual premiums to make PBGC self-financing.

Premiums were initially \$1 per participant a year for single employer plans and 50 cents per participant a year for multiemployer plans. In 1978 the single employer plan rate increased to \$2.60 and, in 1980, the multiemployer plan rate increased to \$1.40. PBGC collected premiums totaling about \$76.6 million in fiscal year 1980.

ERISA initially required plans to pay plan year 1974 premiums on a pro-rated basis for that portion of the year remaining after September 2, 1974. Starting with plan year 1975, estimated premiums had to be paid within 30 days after the start of the year. Premiums were to be based on estimated plan participants. Plan administrators had to submit a reconciliation premium filing to adjust estimated to actual participant count.

Starting with plan year 1978, plan administrators have been required to make premium payments 7 months, rather than 30 days, after the start of the plan year based on the actual participant count at the end of the previous year. This change eliminated the need for reconciliation filings and made the filing due date consistent with the ERISA annual report filing.

PBGC is authorized to assess interest and impose penalties on late or unpaid premiums. To enforce collection, PBGC is authorized to bring civil action for amounts due (29 U.S.C. 1307 (c)).

Plan administrators are required to submit to PBGC the annual premium filing (Form PBGC-1) with their premium payments to facilitate plan administrators' premium payment and PBGC's accounting for premiums paid. Form PBGC-1 requires plan identifying information, information on when the plan was started, the amount of the premium payment, and other information (such as plan type and participant count) which shows the basis for the premium computation. (See app. VIII.) PBGC annually sends the administrators of each defined benefit pension plan identified in its files the Form PBGC-1 and instructions for completing it.

PBGC initially processed premium payments only in its offices in Washington, D.C. In June 1978 PBGC started using a bank to collect mailed premium payments, record total receipts, and deposit checks daily into a Treasury account. The bank provides PBGC the PBGC-1s and premium receipt records daily. PBGC inputs the Form PBGC-1 information into its computerized premium payment history file. This file contains historical information on each plan that has filed a premium since 1974. The information on specific data items in each plan includes plan identification, years in which premiums were paid and their amount, whether the plan is active or terminated, and the number of plan participants. The employer identification number (EIN) and plan number (PN) are used in combination as the primary plan identifiers.

PREMIUM COLLECTION WEAKNESSES COULD BE CAUSING SUBSTANTIAL LOST REVENUES

PBGC did not assure that plans paying premiums from year to year were consistently identified on PBGC's files with the same EIN and PN. PBGC's procedures require that the EIN and PN of a plan paying premiums be matched with the EIN and PN already in the

file. The procedures do not, however, require that nonmatching numbers be verified as representing new filers before being added to the file as such--this allowed duplicate plan files.

The insured plans are required to file ERISA annual reports. ERISA report information provides a source for identifying existing plans which are not paying premiums. As discussed in chapter 2, the accuracy of EIN and PN identifiers for reporting plans are not adequately controlled by IRS. The combined inaccuracy of the two separately managed information files makes reliable identification of plans not paying premiums impossible without expensive and time-consuming manual research and contact with plan administrators.

Although inaccurate, the annual report and premium payment information can be used for judging how many plans may not be paying premiums. Using the information to perform three tests, we found that unpaid premiums for plan year 1977 may have amounted to millions of dollars. Since unpaid premiums are subject to interest and penalty charges, additional revenues were also lost to PBGC.

We compared PBGC's plan year 1976 and 1977 premium payment information to get an indication of plans paying premiums in 1976 but not in 1977. In making our comparison, we used the EIN and PN to identify the plans and considered PBGC's information on the plans that were no longer required to pay premiums. Our comparison indicated that 16,416 plans paying premiums in 1976 may not have paid them in 1977. Considering the 1.7 million participants in the plans, and the 1977 premium rates for single and multiemployer plans, the amount of unpaid 1977 premiums for the plans could be as much as \$1.4 million. More detail on the results of this comparison by type of plan and number of participants is included in appendix IV.

A further comparison of the 16,416 plans identified as possibly not paying premiums in 1977 with plans paying premiums in 1978 showed that 4,965 of the plans (covering about 594,000 participants) reappeared as premium payors using the same EIN and PN that they had used when paying 1976 premiums.

We also compared 1977 annual report and premium payment information to ascertain whether all insured plans are paying premiums. Our comparison indicated that 33,686 plans filing 1977 annual reports may not have paid 1977 premiums. Considering the 4.6 million participants in the plans and the premium rates for the different plan types, the amount of 1977 unpaid premiums for the 33,686 plans could be as much as \$3.7 million. More detail on the results of this comparison by plan type and number of participants is included in appendix IV.

PBGC IS OBLIGATED TO COLLECT PREMIUMS

PBGC is responsible for assuring that timely and uninterrupted benefit payments are made to participants of plans that are unable to pay them and that premiums are kept at the lowest level for carrying out its obligations. PBGC's ability to finance pension payments is based on collected premiums. Further, unpaid premiums could increase premium costs for paying plans through increased premium rates.

Although there is no statutory language requiring PBGC to collect unpaid premiums, penalties, and accrued interest, we believe PBGC's responsibilities require it to make every reasonable effort to do so. Had the Congress not intended PBGC to actively pursue the collection of such unpaid amounts, it would not have given PBGC civil enforcement collection authority.

Further, the Federal Claims Collection Act (31 U.S.C. 952) imposes a general obligation on Federal agencies (including Government corporations such as PBGC) to attempt to collect all claims for money related to their activities. Implementation regulations specifically require Federal agencies to take aggressive action on a timely basis with effective followup to collect all such claims (4 C.F.R. 102.1).

PBGC PREMIUM COLLECTION WEAKNESSES ARE LONGSTANDING

PBGC's records indicate that it has been aware of material weaknesses in collecting premiums since at least June 1977. The major problems are unreliable information for identifying plans that do not pay premiums and no system for assuring that unpaid premiums are collected.

In an internal memorandum dated June 17, 1977, a PBGC official stated that about 70,000 plans file premiums regularly from year to year; however, PBGC's file of plans that had paid premiums from 1974 until early 1977 contained 140,000 separate premium payment entries, each ostensibly representing a separate plan. The official also pointed out that a sample of premium payment data indicated that the high number of entries could be caused by numerous factors, including

- the same plans being identified by different data,
- plans that were not covered by the insurance programs mistakenly paying premiums for some years, and
- plans not paying required premiums for all years.

In a 1979 report to the Congress, ^{1/} we pointed out that a PBGC study identified many premium billing and collection system weaknesses, ranging from duplicate premium filings, or no filings, to computer entry errors. We reported that, because of these weaknesses, PBGC had not billed plan administrators for premium underpayments and late payment penalty and interest charges.

A private contractor reported to PBGC on June 30, 1979, that PBGC had an inaccurate inventory of plans that should pay premiums and no system for notifying plans about delinquent premium payments. The contractor's report pointed out that, with regard to the inaccurate plan inventory, plan administrators may have filed PBGC-1s with different EINs and PNs from their prior filings.

ACTION TAKEN OR PLANNED BY PBGC
TO IMPROVE PREMIUM COLLECTION

PBGC has recently taken some action and plans to do more to improve premium collection. According to PBGC, these improvements include

- the reconciliation during calendar year 1980 of premium payments made by certain plans during the period 1974 through 1979 to identify over- and underpayments by the plans,
- the implementation of procedures in September 1980 for reviewing plan premium payments to identify and take action on late or incorrectly paid premiums,
- the planned September 1981 implementation of increased controls to improve the accuracy of plan EINs and PNs,
- the planned September 1981 implementation of procedures for identifying and following up with plans that paid premiums the previous year but that are past due in paying current-year premiums, and
- the planned development of a program by sometime in calendar year 1982 for resolving discrepancies between plans filing annual reports but appearing not to be paying premiums.

As indicated above, premium collection improvements are fragmented. As shown below, the improvements, at least in the short term, will not, in our opinion, assure accurate and timely premium payments by the majority of plans. It should be noted, however,

^{1/}"Examination of Financial Statements of the Pension Benefit Guaranty Corporation for the Fiscal Year Ended September 30, 1977" (HRD-79-44, May 3, 1979).

that effective implementation of the improvements for the larger insured plans as anticipated by PBGC should significantly improve premium collection from about 77 to 84 percent of premiums being paid. However, PBGC officials also recognize that the extent to which improvement aims are accomplished or expanded to smaller plans depends on the resulting workload and the ability to handle the workload with limited resources.

Historical reconciliation of premium payments

In early 1980 PBGC started a project to determine whether 715 plans with over 7,500 participants each and 37 plans with less than 100 participants each correctly paid premiums from 1974 through 1979. According to PBGC, although these plans accounted for less than 1 percent of the number of plans paying premiums, they accounted for about 51 percent (\$115 million) of the \$226 million paid by all plans during the period.

By completion of the project in October 1980, PBGC found plan premium overpayments of \$739,623; this exceeded underpayments of \$491,042 by \$248,581. Interest and penalty charges on the underpaid and late paid premiums amounted to \$63,467 and \$791,143, respectively, and totaled \$854,610.

PBGC estimated that the administrative cost of reconciling premium payments made by the remaining plans filing during the 1974 through 1979 period would average \$195 per plan and total about \$17 million. PBGC based its estimates on the cost to reconcile premium payments for the 752 plans. These reconciliations required both computer and manual analysis of available information and contacting most plan administrators by telephone. The major problem encountered in performing the reviews was multiple plan identification numbers.

PBGC concluded that historical reconciliation of premium payments for all plans would be neither cost effective nor within the capacity of PBGC resources. On December 29, 1980, the Executive Director of PBGC advised the Board of Directors that the Corporation's program for resolving the historical premium collection problem included the following: 1/

1. Refund overpayments and issue bills for underpayments and late payment interest as appropriate for the plans already reconciled.

1/The Board consists of the Secretaries of Labor, Commerce, and the Treasury. The Secretary of Labor is the permanent chairman of the Board. The Executive Director of PBGC is appointed by the Board and is responsible for directing the administration of the insurance programs at the direction of the Board.

2. Waive late payment penalties for the 1974 through 1979 period because their imposition at this late date seemed inappropriate when PBGC itself was remiss with regard to premiums.
3. Make no attempt to further reconcile plan payment histories but publicly announce that the plans themselves should apply for amounts they believed were overpaid.

Premiums paid late or incorrectly

PBGC implemented its computerized "statement of accounts" system in September 1980. According to PBGC, this system is to identify late or incorrect premiums paid based on the dates the premiums were due and paid, the type of plan, the number of participants reported, and the appropriate premium rate. The system automatically bills for underpayment and late payment penalty and interest charges. It also provides a statement of amounts overpaid, which provides the basis for refunds.

According to PBGC, the system is initially being applied to plans with over 1,000 participants (plans of this size account for 4.8 percent of premium payors and 76.5 percent of premiums paid). ^{1/} PBGC plans to apply the system to the remaining premium payors and premiums paid as staff resources become available.

PBGC information shows that the statement of accounts system resulted in about \$264,000 in underpayments and late payment penalty and interest charges being identified for premium payments reviewed from September 1980 through April 1981.

Improving EIN and PN accuracy

PBGC plans to increase its verification of EINs and PNs in September 1981. According to a PBGC official, the improvement will include segregating premium information input and error correction functions, and manually researching the accuracy of EINs and PNs reported by plans that cannot be matched with one already on the file. PBGC expects to initially correct potential EIN and PN errors identified for plans with over 500 participants (plans of this size represent 8.3 percent of plans filing premiums and 84 percent of premiums paid). ^{1/}

^{1/}Percentages are based on plans paying plan year 1978 premiums and the amount paid by those plans.

A PBGC official told us that whether PBGC can accomplish or expand expectations depends on the number of potential errors identified that can be handled by available resources.

Pursuing past due premiums

In September 1981 PBGC also plans to implement a system to identify and follow up with plans that paid premiums the previous year but are past due in paying current-year premiums. PBGC's objectives are to identify and correct recordkeeping errors (such as duplicate EINs and PNs), increase premium income, and reduce plan late payment penalty and interest charges by reminding plans of premium delinquency.

PBGC plans to accomplish this planned improvement initially for plans with over 500 participants and, as resources become available through reduced workload, to concentrate on smaller plans. Again, a PBGC official told us that whether PBGC can accomplish or expand expectations depends on workload generated by the improved procedures.

Resolving discrepancies in plans filing annual reports and paying premiums

PBGC plans to develop a program for identifying and resolving differences for plans filing annual reports but appearing not to be paying premiums. Although PBGC hopes to develop the program sometime in calendar year 1982, it has no firm goals for program implementation or the extent that discrepancies will be resolved (there were almost 34,000 such discrepancies for plan year 1977). Considering PBGC's inability to apply its other improvements to the majority of plans paying premiums, PBGC's ability to resolve such discrepancies is questionable.

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We did not evaluate the effectiveness of PBGC's actions to improve premium collection because most of them had not been implemented as of July 1981.

SEPARATE MANAGEMENT OF PREMIUMS AND ANNUAL REPORTS RESULTS IN DUPLICATION

Separate management of premium and annual report requirements is duplicative because the same or similar activities are being performed by both IRS and PBGC. Further, because PBGC shares IRS' cost of managing annual reports, it is paying twice for the same activities.

For example, as previously pointed out, both IRS and PBGC are individually taking action to improve the reliability of plan

identification information needed to assure that plans meet the filing requirements. Because the efforts are to identify the plans required to meet both requirements with the same EINs and PNs, they are duplicative. Further, because the agencies are operating independently, there is no assurance that the same plans will be identified by the same numbers in both agencies' files. Therefore, PBGC's planned efforts to resolve discrepancies between the two files will result in additional costs for purifying identification data.

In addition, the dual management also results in plan administrators having to work with two agencies about similar problems. As discussed in the following section of this chapter, information to determine the costs resulting from duplication was not readily available.

CONSOLIDATING RECEIPT AND PROCESSING OF PREMIUM COLLECTION AND ANNUAL REPORT INFORMATION MAKES SENSE

Individual management of annual report and premium collection information is resulting in duplication and incompatible data for identifying plans that should be paying premiums. A joint IRS and PBGC task force met on October 1, 1980, to consider consolidating premium collection and annual report processing by IRS; however, little progress has been made in determining whether consolidation would be cost effective, primarily because IRS has not actively pursued the matter.

According to PBGC, the premium and annual report consolidation task force was to consider ways to

- reduce PBGC's expenses by having IRS handle as much of the premium collection function as possible,
- reduce premium payor expenses by combining the two requirements, and
- better identify plans not paying premiums.

During the October 1 meeting, PBGC officials submitted topics they believed the task force should consider. The topics included how many activities could be transferred to IRS and the development of procedures, costs, and time frames for implementing transfers. The possible transfer activities listed by PBGC ranged from IRS collecting premiums voluntarily paid by plans to IRS identifying and acting against those not paying.

According to IRS, consolidation could not be implemented until July 1982, and then only if the final details were resolved in a timely manner. IRS believed transferring premium collection to

IRS would result in two major expenses--the development of an accounting system and acting against plans not paying premiums. Even if PBGC was willing to pay for these activities, IRS believed their cost effectiveness could only be determined by a cost/benefit study.

Although PBGC has encouraged the resolution of consolidation issues since the first task force meeting, IRS has made little effort to pursue the matter. On November 4, 1980, PBGC provided IRS with an expanded task force agenda. The expanded agenda pointed out that consolidation would involve comparing reduced PBGC costs with incremental costs to IRS. PBGC outlined several expenses it believed should be considered and suggested that their determination be pursued.

The task force next met on December 5, 1980. IRS indicated that IRS pension plan activity resources were not adequate for performing premium activities, and that consolidation would require changing numerous IRS service center processing procedures. IRS, however, did not suggest that the processing changes were insurmountable. An IRS official advised us that no cost analysis of consolidation had been made at that time.

On December 19, 1980, PBGC advised an IRS task force official that, based on previous meetings, it appeared that IRS may be able to perform two of the premium collection activities--consolidating annual reporting and premium payment and transferring collected premiums to PBGC. PBGC stated that it was awaiting IRS responses on proposals and costs of the two activities. PBGC also suggested that the task force meet to discuss other alternatives and their costs as soon as IRS researched them (these other alternatives included IRS pursuing unpaid premiums).

On March 13, 1981, PBGC advised IRS that there was doubt about IRS performing all of the premium collection activities initially outlined by PBGC. PBGC pointed out that the initial outline was an attempt to identify the totality of tasks that appeared to be related to premium collection. PBGC confirmed its view that it would not be necessary for IRS to perform all of the premium functions outlined to accomplish the objectives of an IRS-based premium collection program. PBGC expressed hope that work to develop a program that would minimize cost to the public, eliminate duplication, and foster the objectives of a single data base for annual report and premium filings would continue.

On April 30, 1981, PBGC again outlined its views to IRS on certain premium collection activities that could possibly be transferred. PBGC suggested that the task force address the issues outlined to find workable solutions for cost effective consolidation.

On June 9, 1981, IRS told us that it had not responded to PBGC's December 1980 and March and April 1981 inquiries about resolving consolidation issues. IRS said that a rough estimate of its cost of performing premium collection activities had been made but that it did not cover the cost of all activities outlined by PBGC or potential reduced costs (such as reduced costs from eliminating duplication and expenses from continually resolving discrepancies between annual report and premium collection data systems).

CONCLUSIONS

For over 6 years, insured benefit plans have been required to pay premiums to finance ERISA's insurance programs for assuring that participants of these plans receive at least part of the benefits promised. To help assure that money is available to pay benefits and that plan premiums are kept as low as possible, action should be taken to collect unpaid premiums. Apparently because of a reluctance to use unreliable data for identifying plans not paying premiums, PBGC has not taken such action. Although we could not accurately determine the amount of revenue loss caused by PBGC's failure to collect unpaid premiums, indications are that it is substantial.

PBGC plans to substantially improve premium collection from larger insured plans over the next year by improving the accuracy of premium payment data, resolving the differences between insured plans paying premiums and filing annual reports, and taking action against plans not paying premiums. However, the extent to which planned improvements can be implemented or expanded to cover smaller plans (which make up over 90 percent of all known insured plans) is questionable because of PBGC's restricted ability to overcome unreliable data with limited resources. Further, individual management of premium and annual report requirements is resulting in apparent unnecessary costs because both IRS and PBGC are paying for improving and maintaining the accuracy of plan identifying data for the same plans on two separate files with PBGC having to reconcile substantial differences between the two files.

The joint IRS and PBGC task force, established to consider the apparent advantages of consolidating premium collection with annual report processing, recognized on October 1, 1980, that any transfer of premium collection activities would have to be justified by a cost/benefit study and resolved in a timely manner to be implemented by July 1982.

We agree that any transfer of premium collection activities should be made only if the benefits outweigh the costs. We also believe that, in making a cost/benefit study of transfer advantages, startup and continuing administrative and enforcement costs should be offset by

- reduced costs from eliminating duplication and continually resolving plan identification information discrepancies caused by individual management of annual report and premium collection activities,
- increased revenues from increased enforcement of premium requirements,
- benefits to plans resulting from more equitable premium payments, and
- reduced burden and confusion caused by plans having to deal with more than one Government agency about similar matters.

Although PBGC has continually encouraged the resolution of consolidation issues, IRS has not adequately pursued the matter. We believe this inaction is significant in view of the apparent unnecessary costs being incurred and PBGC's apparent inability to overcome inaccurate data and implement an effective program to make sure that insured plans pay premiums that are critical to the financial viability of ERISA's insurance programs.

We believe that IRS and PBGC should determine the cost effectiveness and the extent to which premium collection activities can be consolidated with annual report processing. Even if a determination is made that the transfer of all premium activities is not feasible, we believe that putting plan identification accuracy under the primary control of one agency makes sense because of the duplication and unnecessary costs being incurred to improve the accuracy of plan identifiers for the same plans. We believe IRS should receive and process both premium collection and annual report information.

RECOMMENDATIONS TO THE EXECUTIVE DIRECTOR OF PBGC AND THE COMMISSIONER OF INTERNAL REVENUE

We recommend that the Executive Director and the Commissioner establish and carry out a timetable for IRS to assume responsibility for receipt and processing of both premium collection and annual report information. We also recommend that, while these steps are being taken, the Executive Director and the Commissioner undertake a cooperative effort to reconcile the differences between the annual report and premium files, and that the Executive Director take action to collect unpaid premiums identified by this effort.

AGENCY COMMENTS AND OUR EVALUATION

Both IRS and PBGC agreed with the thrust of our recommendation. PBGC commented that it recognizes the potential advantages of IRS receiving and processing both premium collection and annual report information. PBGC said it would continue to work with IRS

to resolve, if possible, the various issues involved. IRS said that it will work with PBGC to develop an automated system which will enable the PBGC premium to be processed as part of the annual report filing.

IRS said, however, that the system cannot be implemented until 1985 or later because of planned changes to its present computer system, and it made that accomplishment contingent on receiving appropriate resources. According to IRS officials, the present computer system is being changed because of its lack of capacity at some IRS service centers to handle added requirements and is rapidly becoming obsolete. The officials said that all available computer programming staff are now being used only to implement the new IRS computer system, make changes to the present system required by new legislation, and correct programming errors identified. Therefore, necessary resources are not readily available to implement an automated system for IRS premium processing. They said that they do not believe securing appropriate resources to develop a premium collection system will be a major obstacle after the new computer system is completed in 1985 or later.

We are concerned about IRS' open-ended commitment to take action to reduce duplication and assure collection of unpaid premiums by assuming the responsibility for premium receipt and processing. We believe that a timetable for taking steps for IRS to assume the responsibility should be established. To mitigate premium losses while the steps are being taken, we believe IRS and PBGC should undertake a cooperative effort to reconcile the differences between the separately managed premium and annual report files, and PBGC should take action to collect unpaid premiums identified by this effort. We have modified our recommendations to reflect our views on the need for a timetable and interim cooperative action to assure that unpaid premiums are collected and duplication is eliminated.

PBGC commented that it had made two analyses which indicate that the amount of unpaid plan year 1977 premiums was considerably less than the total of \$5.1 million suggested by our comparisons of premium and annual report information. We agree that the amount of unpaid 1977 premiums is probably less than the upper end of the range indicated by our tests because, as we pointed out previously, the inaccuracy of premium and annual report files prohibits reliable identification of plans not paying premiums. However, as PBGC indicated, neither of its analyses was adequate to indicate that unpaid premiums were insubstantial.

For example, although PBGC's analysis of the premium payment history of plans that paid premiums sometime during the period 1974 through 1979 covered all 715 plans with over 7,500 participants, it only covered 37 or less than 0.5 percent of about 88,000 plans with fewer than 7,500 participants. Further, although the 88,000 smaller plans accounted for about \$111 million of premiums paid

during the period, the 37 plans accounted for only \$14,000 or less than 0.1 percent of the \$111 million. In addition, PBGC pointed out that its analysis of a small number of plans that filed annual reports but may not have paid premiums was inadequate to determine the extent of unpaid premiums.

We continue to believe that substantial amounts may have been lost because PBGC has not assured that insured plans pay the required premiums.

CHAPTER 4

FILING PLAN SUMMARIES WITH LABOR

IS COSTLY AND NOT NEEDED

Unless exempted, private benefit plans have to provide plan participants, beneficiaries, and Labor with summary plan descriptions (SPDs) and summaries of plan amendments. (Although plan administrators were initially required to provide Labor with plan descriptions containing the same information as plan summaries, Labor eliminated the description requirement in 1979.) Labor is to make the summaries available to the public. Labor can also use them for research studies. The primary objective of the reporting and disclosure requirements is to provide plan participants and beneficiaries with information and, by making the information open to public scrutiny, help assure that ERISA requirements are met.

Although Labor has spent over \$1 million to record and microfiche over 500,000 summaries and is expected to spend a similar amount when plans start meeting refiling requirements beginning about the end of calendar year 1982, only limited use has been made of the summaries. There are about 950 requests a year from the public for plan summaries and estimated annual use of the summaries for studies averages about 4,268.

Many SPDs either are not available or cannot be readily found when needed because Labor has not assured the accuracy of summary identifying information or that plans file them. Our comparison of IRS' 1977 annual report data with Labor's data on summaries filed showed that about 179,000 of 340,525 single employer pension plans either had not filed summaries or had filed summaries that could not be readily located. Further, we found that Labor cannot find about 21 percent of the summaries requested by the public and has to request them directly from the plans.

PLAN SUMMARY PURPOSES AND REQUIREMENTS

Unless exempted, section 104 of ERISA requires private pension and welfare plan administrators to provide Labor, plan participants, and beneficiaries with SPDs containing information on plan design, how it is to be administered, and who is responsible for administering it. ^{1/} Plan administrators also have to provide summaries of material changes to the plans, called summary of material modifications. The summaries are to be written so plan provisions can be understood by the average plan participant. According to Labor, about 560,000 plans have to file plan summaries.

^{1/}Appendix VII provides more detail on SPD information requirements.

Section 106 of ERISA requires Labor to disclose the summaries to the public and authorizes Labor to use the summaries for studies. Labor makes the summaries available for inspection at its public documents room in its headquarters and it provides copies to others on oral or written request at a small cost.

Section 104 of ERISA also required plan administrators to provide Labor with plan descriptions and modifications to them which were to contain the same information as the plan summaries. Section 106 of ERISA required Labor to disclose the descriptions to the public. In June 1979 Labor eliminated by regulation the plan description requirements because the plan summaries provided the same information.

The plan summary reporting and disclosure requirements are to (1) provide participants and beneficiaries with sufficient understandable information to allow them to protect their own rights and (2) help assure that plans meet requirements by making plan information open for public inspection. In reporting on the proposed ERISA reporting and disclosure provisions in 1973, the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor 1/ both stated that:

"* * * Experience has also demonstrated a need for a more particularized form of reporting so that the individual participant knows exactly where he stands with respect to the plan--what benefits he may be entitled to, what circumstances may preclude him from obtaining benefits, what procedures he must follow to obtain benefits, and who are the persons to whom the management and investment of his plan funds have been entrusted. At the same time, the safeguarding effect of the fiduciary responsibility section will operate efficiently only if fiduciaries are aware that the details of their dealings will be open to inspection, and that individual participants and beneficiaries will be armed with enough information to enforce their own rights as well as the obligations owed by the fiduciary to the plan in general."

Although plans could file SPDs earlier, they had to start filing them with Labor, plan participants, and beneficiaries by November 1977 or within 120 days after becoming subject to the

1/ See p. 27 of Senate Report No. 93-127, dated April 18, 1973; and p. 11 of House Report No. 93-533, dated October 2, 1973. (Note: The Senate Committee is now known as the Committee on Labor and Human Resources.)

ERISA reporting and disclosure requirements, whichever was later. Summaries of plan changes are due within 7 months after the end of the plan year in which a change occurs. ERISA requires SPDs to be updated and reissued every 5 years if material modifications have occurred since the previous filing. Even if plan information does not change, SPDs must be provided to the parties every 10 years.

LIMITED USE IS MADE OF PLAN
SUMMARIES MAINTAINED BY LABOR

Limited use is being made of summaries collected by Labor from private pension and welfare plans. Although about 560,000 plans are required to file plan summaries with Labor, we estimate that they are requested at the average rate of about 5,218 per year. Only 950 of the summaries are requested each year by the public while the remaining 4,268 are requested for research purposes. At this rate, about 9 percent of the summaries will be used before they are refiled. ¹/

Our analysis of public requests received by Labor for the first 3 months of calendar year 1980 showed that 190 summaries (an average of 63 per month) were requested. Labor's information on summaries requested for the 5-month period January through May 1981 shows that 443 summaries (an average of 89 per month) were requested by the public. Based on requests for the summaries for the 8-month period over the 2 years, we estimate the public disclosure requests for plan summaries are about 950 per year.

Labor does not keep records of the number of plan summaries used for research. Through discussions with officials of Labor and other Government agencies, we found that about 19,547 summaries were used for this purpose for the period October 1976 through April 1981--an average of about 4,268 per year.

Of the 19,547 plan summaries used for research, about 16,497 were used by Labor to perform nine studies and 3,050 were used by other agencies to perform three studies.

¹/In estimating percent of use, we assumed that all 560,000 plans file summaries as required, that all of the plans will refile SPDs every 10 years and none would have to meet the 5-year re-filing requirement because of plan changes, and that Labor would provide summaries requested from its own records. Our estimate is uncertain because, as discussed later in this chapter, these conditions are uncertain.

COLLECTION OF PLAN SUMMARIES COSTLY

To make plan summaries ready for public disclosure and other uses, Labor computerizes the name of the plan sponsor, and the plan's EIN and PN. After recording the information, Labor sends the summaries to a private contractor for microfiching. When the microfiched copies are received, Labor files them by EIN and PN sequence. To facilitate locating requested summaries, Labor uses the computerized information to develop microfilm alphabetical and numerical indexes of the summaries. The indexes list summaries by plan sponsor name in alphabetical order and EIN and PN in numerical order. The alphabetical index contains EIN and PN information to help in locating the summaries in Labor's files.

The cost incurred by Labor to prepare the summaries for use is significant. According to Labor, the cost to process 502,284 summaries received as of February 5, 1980, was just over \$1 million--almost \$568,000 for microfiching costs, \$336,000 for personnel costs, and about \$150,000 for computerizing the summary identifying data. According to a Labor official, the major part of the \$1 million cost resulted from the mass filing of SPDs after the requirements first became effective in November 1977. The official advised us that the estimated cost of processing summary changes, SPDs received from new plans, and plans filing late summaries during fiscal year 1980 was about \$137,000.

Since plans were initially required to file SPDs in November 1977, the refiling requirements for plans that have been changed will start by November 1982. The refiling requirements for plans not changed or with nonmaterial modifications will start by November 1987. Labor expects that the cost to prepare plan summaries for use will be much higher than \$137,000 a year when refiling starts.

ENSURING THAT PLAN SUMMARIES ARE AVAILABLE AND LOCATABLE WOULD BE COSTLY

Labor has not assured that plans file SPDs or changes to them showing plan amendments. Further, Labor has not assured the accuracy of plan identification information which is critical to identifying plans not filing summaries and locating summaries filed. As a result, Labor's files contain inaccurate identifying information. Our analysis indicates that about 179,000 pension plans with about 10 million participants either have not filed SPDs or that SPDs may not be readily locatable by Labor when requested. Further, Labor cannot find about 21 percent of the SPDs requested by the public.

Labor advised us that, in late calendar year 1980, it started a practice of obtaining unlocatable requested SPDs directly from plans. A Labor official advised us that Labor has no plans to implement a program to improve the accuracy of plan identifying data

or ensure that all plans file SPDs and changes to them. If Labor did implement such a program it would add significantly to the cost of collecting and maintaining plan summaries. For example, Labor advised us that it cost almost \$264,000 to administer its attempt to improve the accuracy of annual report identifying data and make sure the reports were filed. (See ch. 2.)

As pointed out in chapters 2 and 3, Labor, IRS, and PBGC do not have accurate information on plans filing annual reports and paying premiums because they did not adequately control the accuracy of EINs and PNs--the primary plan identifiers--in all the agencies' files. We found that the same situation exists for Labor's information for identifying plans filing plan summaries.

Although Labor uses two identifiers--the EIN and PN in combination and the name of the plan sponsor--to identify plans filing summaries and to locate the summaries when needed, it did not assure the accuracy of these identifiers or that they were consistently used when plans filed SPDs and summaries of plan changes. Rather, as it did when processing annual reports, Labor recorded plan identification data without any verification that the data were being consistently used to identify the same plan. Further, although the ERISA annual report information provided to Labor by IRS provides Labor with the primary source for identifying plans that should be filing plan summaries, Labor has not made sure that the same plans are identified by the same information on both the plan summary and annual report files.

The annual report and plan summary information cannot be used to accurately identify plans not filing summaries, but it can be used for judging how many plan SPDs may not have been filed or are not readily locatable because of inaccurate plan identification information.

To make such a judgment, we compared EINs and PNs of 340,525 single employer private pension plans filing 1977 annual reports with the EINs and PNs of 448,973 plan summaries recorded by Labor as of September 1979. The 340,525 pension plans reported about 20.9 million plan participants and, according to Labor, these plans should have filed summaries. We could not identify 179,313 (about 53 percent) of the plans as filing summaries. ^{1/} These 179,313 plans reported about 10 million participants--about 49 percent of the total participants reported by the 340,525 plans.

^{1/}As a result of additional data provided by Labor after we received their comments on this report, we revised the estimates of the number of summaries that Labor may not have or cannot readily locate. These revisions did not affect our conclusions and recommendations. Additional comments on the revisions are on page 48.

A large percentage of plan summaries requested cannot be found by Labor in its files. Labor's records show that it could not find 132 (21 percent) of the 633 summaries requested by the public during an 8-month period--the first 3 months of calendar year 1980 and the first 5 months of calendar year 1981. 1/

Further, two Labor officials who have used plan summaries for research purposes told us that Labor cannot always find the summaries they request. The official who is in charge of Labor's ERISA research told us that, when plan summaries are to be used for research purposes, the summary sample size is set assuming that 50 percent of the summaries will not be found in Labor's files. According to the official, this situation makes the results of studies uncertain because there is no assurance that summaries found and included in the studies are representative of those not found.

CONCLUSIONS

ERISA requires plans to provide Labor with plan summaries every 5 to 10 years so that Labor can have them on hand to provide plan participants with information, to help assure ERISA compliance by opening plan information to public scrutiny, and to make plan information available for research. The first refiling will begin about the end of calendar year 1982.

Although Labor's cost to process summaries filed by plans has been and will continue to be significant, many summaries have not been filed or cannot be found in Labor's files when requested. This is the result of Labor not taking action to assure the accuracy of information for identifying summaries and that plans file them. We believe that Labor should take such action if it is to effectively provide requestors with summaries from its files as anticipated by ERISA.

We believe that the cost to process summaries and assure that they are submitted to Labor and locatable in Labor's files when requested is not warranted by the limited requests for the summaries. We believe that the Congress should amend ERISA to eliminate the requirement that plans file and refile summaries with Labor. We believe the law should require Labor to obtain summaries from the plans only when plan participants and others request them--the same approach Labor is now using to obtain a large number of the summaries being requested. As a related matter, ERISA should also

1/Ibid., p. 44.

be amended to delete the required automatic filing of plan descriptions; this amendment would require revising Labor's 1979 regulation.

Adopting this approach would (1) help assure that requestors are provided with summaries, (2) continue to subject plan information to the public's and Labor's scrutiny, (3) relieve most plans from having to provide the summaries to the Government, and (4) eliminate the Government's cost to collect, process, and maintain summaries from all plans.

RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress amend ERISA to

- eliminate the requirement that employee benefit plans routinely file copies of plan descriptions and plan summaries with Labor;
- require the plans to provide Labor with copies of plan summaries at the request of Labor; and
- require Labor to obtain, on behalf of plan participants and others, copies of plan summaries from the plans when so requested.

To minimize public disclosure costs to both the plans and the Government, we recommend that the Congress make these amendments before plans have to meet summary refiling requirements in 1982.

AGENCY COMMENTS AND OUR EVALUATION

Labor said it recognized that money could be saved by eliminating the requirement that plans routinely file copies of plan summaries with the Government. Labor believes, however, that further analysis is necessary to achieve the best balance between minimizing costs and the burden on plans, and giving it and participants necessary information in a reasonable time. In this regard, Labor indicated that eliminating the filing requirement

- would result in the lost ability of Labor to analyze and assure that summaries had been prepared properly;
- could be quite burdensome to plans, especially to larger plans, if Labor receives requests from several plan participants; and
- could sometimes result in Labor taking 2 to 3 months to obtain requested summaries from plan administrators.

Labor also said that, obviously, filing summaries with Labor does not guarantee that the summaries are distributed to participants, but it is a reasonable assumption.

We disagree with Labor that the summary plan description filing requirement should be continued pending an analysis of the need for the descriptions. There has been limited use of the descriptions at considerable cost to the Government and the plans. To continue incurring the costs is not justified.

We also disagree with Labor's reasons for further analysis before eliminating the plan summary filing requirements. First, Labor will continue to have the ability to scrutinize plan summaries through onsite audits and by requesting copies of the summaries from the plans as it deems necessary. We do not believe the cost of retaining the filing requirement to help assure that the plans distribute summaries to participants is justified when availability and distribution of plan summaries can be verified through audits and requests for the summaries.

Further, although we agree that multiple requests for plan summaries could be burdensome to some plans, we believe there are cheaper ways to minimize this burden without retaining the reporting burden on all plans. For example, Labor could maintain a copy of the limited number of summaries requested, as it now does for hundreds of thousands of summaries, and provide copies to subsequent requestors after checking to see that older summaries have not been superseded.

In addition, when we asked Labor officials why it takes months to obtain some requested summaries, they explained that this could occur when the plan resists complying with the reporting requirements and has not prepared the summary. We disagree that this is a reason for retaining the filing requirement since this situation could occur whether or not it is retained.

Labor also commented that it did not believe that 54 percent of plan summaries were missing from its files as suggested by our computer comparison of plan summary and annual report records. Recognizing the inaccuracy of EIN and PN plan identifiers, Labor suggested that a large number of summaries could have been found if a manual search of its records had been made using the name of the plan sponsor as the identifier. Labor misinterpreted our conclusion. In concluding that Labor has no assurance that large numbers of plans have filed summaries or that those filed can be readily located when requested because of inaccurate EINs and PNs, we did not mean to imply that 54 percent of plan summaries could not be found. We agree that some unknown number of the 54 percent probably could have been found in Labor's files if a more expensive and time-consuming manual search had been made. As noted in

the report, however, Labor could not find over 20 percent of the summaries requested by the public even after such a search.

Labor also said that the 54 percent overstated the problem since it would be reduced if we subtracted those plans filing annual reports that are not required to file plan summaries. Also, Labor commented that our estimate that 25 percent of the summaries requested by the public cannot be found by Labor may not be fully accurate. After commenting on the report, Labor officials provided us with additional information.

The additional data provided by Labor do not significantly affect our estimates. However, we have adjusted our estimates to reflect such data. The 54 percent figure of plan summaries missing from or could not be readily located in the files has been reduced to 53 percent and the 25 percent figure of summaries requested by the public that could not be found by Labor has been reduced to 21 percent.

NUMBER OF PENSION PLANS BY TYPE AND PARTICIPANT SIZE

REVIEWED TO DETERMINE INFORMATION COMPLETENESS (note a)

<u>Type of plan</u>	<u>Corporate and Keogh plans with 100 or more participants (note b)</u>		<u>Corporate plans with less than 100 participants (note c)</u>		<u>Total</u>	
	<u>Plans</u>	<u>Participants (note d)</u>	<u>Plans</u>	<u>Participants (note d)</u>	<u>Plans</u>	<u>Participants (note d)</u>
Defined benefit	17,963	26,610,976	87,237	1,330,785	105,200	27,941,761
Defined contribution	8,678	10,694,074	236,790	2,468,184	245,468	13,162,258
Total	<u>26,641</u>	<u>37,305,050</u>	<u>324,027</u>	<u>3,798,969</u>	<u>350,668</u>	<u>41,104,019</u>

a/Includes all plan year 1977 defined benefit and defined contribution plan annual reports received and processed by IRS as of August 1979 except those filed by Keogh plans with less than 100 participants, churches, and State and local governments.

b/Includes plans filing Form 5500.

c/Includes plans filing Form 5500-C.

d/Participants may be understated because some plans did not report participant data.

STATISTICAL DATA FOR PLAN YEAR 1977 PENSION PLAN

ANNUAL REPORTS PROCESSED BY IRS AS OF AUGUST 1979

Plan Year 1977 Pension Plan Annual Reports Processed by IRS as of August 1979
by Plan Type, Size, and Number of Participants (note a)

<u>Plan type</u>	Corporate and Keogh plans with 100 or more participants (note b)		Corporate plans with less than 100 participants (note c)		Keogh plans with less than 100 participants (note d)		Total Participants (note e)	
	<u>Plans</u>	<u>Partici- pants (note b)</u>	<u>Plans</u>	<u>Partici- pants (note c)</u>	<u>Plans</u>	<u>Partici- pants (note d)</u>	<u>Plans</u>	<u>Partici- pants (note e)</u>
<hr/> (in thousands) <hr/>								
Defined benefit	18.8	32,322.7	95.4	1,384.2	32.7	47.3	146.9	33,754.1
Defined contri- bution	8.8	10,815.9	238.8	2,488.9	586.6	1,002.6	834.2	14,307.6
Other (note f)	3.0	2,371.3	20.8	199.1	15.6	243.1	39.4	2,813.4
Total	30.6	45,509.9	355.0	4,072.2	634.9	1,293.0	1,020.5	50,875.1

a/Information obtained from IRS computer records of pension plan 1977 ERISA annual reports (Forms 5500, 5500-C, and 5500-K) received and processed by IRS as of August 1979.

b/Includes plans filing Form 5500.

c/Includes plans filing Form 5500-C.

d/Includes plans filing Form 5500-K.

e/Participants may be understated because some plans did not report participant data.

f/Primarily includes annuity arrangements, custodial accounts for regulated investment company stock, trusts treated as individual retirement accounts, employee stock ownership plans not part of a qualified plan, defined benefit plans with benefits based partly on balance of separate account of participant, plans that did not indicate plan type on the report, combined pension/welfare plans, and those indicated as "other" on the report.

APPENDIX II

APPENDIX II

Plan Year 1977 Pension Plan Annual Reports
Processed by IRS as of August 1979 by
Type of Plan and Sponsor (note a)

<u>Plan and sponsor type</u>	<u>Plans with 100 or more participants (note b)</u>	<u>Plans with less than 100 participants (note c)</u>	<u>Total</u>
Defined benefit:			
Single employer	13,103	107,519	120,622
Control group	3,614	4,331	7,945
Multiemployer	1,084	337	1,421
Multiple-employer (note d)	967	14,444	15,411
Other (note e)	<u>46</u>	<u>1,520</u>	<u>1,566</u>
	<u>18,814</u>	<u>128,151</u>	<u>146,965</u>
Defined contribution:			
Single employer	5,687	797,297	802,984
Control group	2,602	8,051	10,653
Multiemployer	176	573	749
Multiple-employer (note d)	297	4,890	5,187
Other (note e)	<u>15</u>	<u>14,593</u>	<u>14,608</u>
	<u>8,777</u>	<u>825,404</u>	<u>834,181</u>
Other (note f):			
Single employer	2,013	27,257	29,270
Control group	291	539	830
Multiemployer	147	145	292
Multiple-employer (note d)	324	954	1,278
Other (note e)	<u>251</u>	<u>7,479</u>	<u>7,730</u>
	<u>3,026</u>	<u>36,374</u>	<u>39,400</u>
Total	<u><u>30,617</u></u>	<u><u>989,929</u></u>	<u><u>1,020,546</u></u>

APPENDIX II

APPENDIX II

- a/Information obtained from IRS computer records of pension plan 1977 ERISA annual reports (Forms 5500, 5500-C, and 5500-K) received and processed by IRS as of August 1979.
- b/Includes plans filing Form 5500.
- c/Includes plans filing Form 5500-C and 5500-K.
- d/Includes collectively bargained and other multiple-employer plans.
- e/Other includes group insurance arrangement plans and those plans that did not indicate type of sponsor.
- f/Other includes annuity arrangements, custodial accounts for regulated investment company stock, trusts treated as individual retirement accounts, employee stock ownership plans not part of a qualified plan, defined benefit plans with benefits based partly on balance of separate account of participant, plans that did not indicate plan type on the report, combined pension/welfare plans, and those indicated as other on the report.

INFORMATION ON THE PLAN YEAR 1977 PENSION PLANANNUAL REPORT INFORMATION ITEMS REVIEWED TODETERMINE INFORMATION MISSING AND THERESULTS OF OUR REVIEW

List of Plan Year 1977 Pension Plan Annual
Report Information Items
Reviewed to Determine Extent of Incomplete
Information (note a)

Line item description (note b)	Line item number	
	Form 5500	Form 5500-C
Type of plan entity	4	4
Effective date of plan	5b	5b
Termination coverage-TBGC (note c)	6d	12
Total plan participants	7f	7b(ii)
Plan amendment (note d)	8a	8
Plan termination	9a	9a
Plan merger or consolidation	10a	10a
Plan funding arrangement	11	11
Total assets	13h	13g
Defined benefit plan subject to minimum funding (note c)	21a	20a
Defined contribution plan subject to minimum funding (note e)	21b	20b
Party-in-interest transaction	22a(ii)	21a
Loans by the plan or fixed income obligations due the plan in default	22a(iii)	21b
Leases in default	22a(iv)	21c
Inability to pay benefits (note c)	23d	22d

a/Copies of the plan year 1977 annual report Forms 5500 and 5500-C included in appendix V provide more detailed description of the line items.

b/Unless otherwise noted, all annual reports reviewed were required to contain information on the items.

c/Only defined benefit plans were required to answer this item.

d/Information reported on Form 5500 not computerized by IRS.

e/Only defined contribution plans were required to answer this item.

Number of Reports with Missing Information by
Size and Type of Plan

<u>Plan size and type</u>	<u>Reports analyzed</u>		<u>Reports with missing information</u>		<u>Percent of reports with missing information</u>
	<u>Number</u>	<u>Partici- pants reported (note a)</u>	<u>Number</u>	<u>Partici- pants reported (note a)</u>	
----- (in thousands) -----					
<u>Corporate and Keogh plans with 100 or more participants (Form 5500):</u>					
Defined benefit	17.9	26,610.9	3.1	3,448.8	17.3
Defined con- tribution	<u>8.7</u>	<u>10,694.1</u>	<u>1.3</u>	<u>1,872.8</u>	14.9
Subtotal	<u>26.6</u>	<u>37,305.0</u>	<u>4.4</u>	<u>5,321.6</u>	16.5
<u>Corporate plans with less than 100 participants (Form 5500-C):</u>					
Defined benefit	87.2	1,330.8	30.5	327.7	35.0
Defined con- tribution	<u>236.8</u>	<u>2,468.2</u>	<u>43.2</u>	<u>381.8</u>	18.2
Subtotal	<u>324.0</u>	<u>3,799.0</u>	<u>73.7</u>	<u>709.5</u>	22.8
<u>Total:</u>					
Defined benefit	105.1	27,941.7	33.6	3,776.5	32.0
Defined con- tribution	<u>245.5</u>	<u>13,162.3</u>	<u>44.5</u>	<u>2,254.6</u>	18.1
Total	<u>350.6</u>	<u>41,104.0</u>	<u>78.1</u>	<u>6,031.1</u>	22.3

a/Number of participants included only when provided on annual report form.

Number of Missing Information Items by Size of Plan

Number of information items missing	Plans with 100 or more partici- pants (Form 5500)		Plans with less than 100 participants (Form 5500-C)		Total plans	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
0	22,223	83	250,308	77	272,531	78
1	3,147	12	29,687	9	32,834	9
2	342	1	18,754	6	19,096	5
3	319	1	3,772	1	4,091	1
4	357	2	2,647	1	3,004	1
5 or more	<u>253</u>	<u>1</u>	<u>18,859</u>	<u>6</u>	<u>19,112</u>	<u>6</u>
Total	<u>26,641</u>	<u>100</u>	<u>324,027</u>	<u>100</u>	<u>350,668</u>	<u>100</u>

Number of Reports Missing Individual Information Items

<u>Information item</u>	<u>Reports with missing information</u>	
	<u>Number</u>	<u>Percent (note a)</u>
Type of plan entity	387	.1
Effective date of plan	5,225	1.5
Termination insurance coverage-PBGC	16,203	b/15.4
Total plan participants	13,612	3.9
Plan amendment	18,854	c/5.8
Plan termination	689	.2
Plan merger or consolidation	26,625	7.6
Plan funding arrangement	15,435	4.4
Total assets	39,835	11.4
Defined benefit plan subject to minimum funding	10,508	b/9.9
Defined contribution plan subject to minimum funding	14,238	d/5.8
Party-in-interest transaction	36,770	10.5
Loans by the plan or fixed income obligations due the plan in default	22,898	6.5
Leases in default	23,187	6.6
Inability to pay benefits	1,012	b/.9

a/Unless otherwise noted, all 350,668 annual reports reviewed were required to report information on these items and the percentage was computed using this figure.

b/Only defined benefit plans were required to answer this item. Therefore, the percentage is based on the 105,200 defined benefit plan reports covered by our analysis.

c/Information on this item reported on Form 5500 was not computerized by IRS. Therefore, the percentage is based on the 324,027 Form 5500-C reports covered by our analysis.

d/Only defined contribution plans were required to answer this item. Therefore, the percentage is based on the 245,468 defined contribution plan reports covered by our analysis.

RESULTS OF COMPARISONS OF PLANS THAT
SHOULD PAY PREMIUMS WITH THOSE THAT DID
BY PLAN TYPE AND NUMBER OF PARTICIPANTS

Results of Comparison of Plans Paying Premiums for
Plan Years 1976 and 1977 by Plan Type and
Number of Participants (notes a and b)

<u>Plan</u> <u>sponsor type</u>	<u>Total plans paying premiums</u>				<u>1976 premium</u> <u>payors not</u> <u>readily identi-</u> <u>fiable as paying</u> <u>1977 premiums</u>	
	<u>1976</u>		<u>1977</u>			
	<u>Plans</u>	<u>Partici-</u> <u>pants</u>	<u>Plans</u>	<u>Partici-</u> <u>pants</u>	<u>Plans</u>	<u>Partici-</u> <u>pants</u>
	(000 omitted)		(000 omitted)		(000 omitted)	
Single employer and other nonmulti- employer	82,755	23,760	82,692	23,932	15,851	1,169
Multiemployer	2,433	8,593	2,319	8,212	428	451
Unknown (note c)	259	123	126	78	137	46
Total	<u>85,447</u>	<u>32,476</u>	<u>85,137</u>	<u>32,222</u>	<u>16,416</u>	<u>1,666</u>

a/Based on FBG's records of plans paying plan year 1976 and 1977 premiums as of August 1979.

b/Number of participants understated because files did not have participant data for 102 and 183 plans for 1976 and 1977, respectively.

c/Type of plan not indicated on file.

Results of Comparison of Plans Filing Annual Reports
and Paying Premiums for Plan Year 1977 by Plan
Type and Number of Participants (notes a and b)

<u>Plan sponsor type</u>	<u>Plans filing annual report not readily identifiable as paying premiums</u>	
	<u>Plans</u>	<u>Participants</u>
	(000 omitted)	
Single employer and other nonmulti- employer	32,773	2,720
Multiemployer	787	1,878
Unknown (note c)	<u>126</u>	<u>3</u>
Total	<u>33,686</u>	<u>4,601</u>

a/ Based on plan year 1977 annual reports processed by IRS as of August 1979 on which the plan administrators indicated that the plan was covered by the insurance programs, and on PBGC records of plans paying plan year 1977 premiums as of August 1979.

b/ Number of participants is understated because IRS' annual report file did not contain participant data for 531 of the 33,686 plan annual reports.

c/ Type of plan not indicated on IRS' annual report file.

1977 ANNUAL REPORT FORMS

<p>Form 5500 Department of the Treasury Internal Revenue Service</p> <p>Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation</p>	<p>Annual Return/Report of Employee Benefit Plan (With 100 or more participants)</p> <p>This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 and sections 6057(b) and 6058(a) of the Internal Revenue Code, referred to as the Code.</p>	<p>1977</p> <p>This Form is Open to Public Inspection</p>
<p>For the calendar plan year 1977 or fiscal plan year beginning _____, 1977 and ending _____, 19__</p>		
<p>File original of this form, including schedules and attachments, completed in ink or type.</p>		
<p>► Keogh (H.R. 10) plans with fewer than 100 participants and with at least one owner-employee participant do not file this form. File Form 5500-K instead.</p> <p>► Other pension benefit plans and certain welfare benefit plans with fewer than 100 participants do not file this form. File Form 5500-C instead.</p> <p>► Welfare benefit plans with 100 or more participants complete only items 1 through 16 and item 22.</p> <p>► Pension benefit plans, unless otherwise excepted, complete all items. Annuity arrangements of certain exempt organizations and individual retirement account trusts of employers complete only items 1 through 6, 9 and 10.</p> <p>► Government plans and church plans (not electing coverage under section 410(d) of the Code) complete only items 1 through 7, 9, 10(a), (b), (c), (d), 11 and 17.</p> <p>► Plan number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."</p> <p>► If any item does not apply, enter "N/A."</p>		
<p>1 (a) Name of plan sponsor (employer if for a single employer plan)</p> <p>Address (number and street) _____</p> <p>City or town, State and ZIP code _____</p>	<p>1 (b) Employer identification number _____</p> <p>1 (c) Telephone number of sponsor () _____</p> <p>1 (d) Employer taxable year ends Month _____ Day _____ Year 19__</p>	
<p>2 (a) Name of plan administrator (if other than plan sponsor)</p> <p>Address (number and street) _____</p> <p>City or town, State and ZIP code _____</p>	<p>1 (e) Business code number _____</p> <p>2 (b) Administrator's employer identification no. _____</p> <p>2 (c) Telephone number of administrator () _____</p>	
<p>3 Name, address and identification number of <input type="checkbox"/> plan sponsor and/or <input type="checkbox"/> plan administrator as they appeared on the last return/report filed for this plan if not the same as in 1 or 2 above ► _____</p>		
<p>4 Check appropriate box to indicate the type of plan entity (check only one box):</p> <p>(a) <input type="checkbox"/> Single-employer plan (c) <input type="checkbox"/> Multiemployer plan (e) <input type="checkbox"/> Multiple-employer plan (other)</p> <p>(b) <input type="checkbox"/> Plan of controlled group of corporations (d) <input type="checkbox"/> Multiple-employer-collectively-bargained plan (f) <input type="checkbox"/> Group insurance arrangement (of welfare plans)</p>		
<p>5 (a) (i) Name of plan _____</p> <p>(ii) <input type="checkbox"/> Check if changed since last return/report</p>	<p>5 (b) Effective date of plan _____</p> <p>5 (c) Enter three digit plan number ► <input type="text"/> <input type="text"/> <input type="text"/></p>	
<p>6 Check at least one item in (a) or (b) and applicable items in (c). Item (d) on page 2 must be completed:</p> <p>(a) Welfare benefit plan: (i) <input type="checkbox"/> Health insurance (ii) <input type="checkbox"/> Life insurance (iii) <input type="checkbox"/> Supplemental unemployment</p> <p>(iv) <input type="checkbox"/> Other (specify) ► _____</p> <p>(b) Pension benefit plan:</p> <p>(i) Defined benefit plan—(Indicate type of defined benefit plan below): (A) <input type="checkbox"/> Fixed benefit (B) <input type="checkbox"/> Unit benefit (C) <input type="checkbox"/> Flat benefit (D) <input type="checkbox"/> Other (specify) ► _____</p> <p>(ii) Defined contribution plan—(Indicate type of defined contribution plan below): (A) <input type="checkbox"/> Profit-sharing (B) <input type="checkbox"/> Stock bonus (C) <input type="checkbox"/> Target benefit (D) <input type="checkbox"/> Other money purchase (E) <input type="checkbox"/> Other (specify) ► _____</p> <p>(iii) <input type="checkbox"/> Defined benefit plan with benefits based partly on balance of separate account of participant (section 414(k) of the Code)</p> <p>(iv) <input type="checkbox"/> Annuity arrangement of a certain exempt organization (section 403(b)(1) of the Code)</p> <p>(v) <input type="checkbox"/> Custodial account for regulated investment company stock (section 403(b)(7) of the Code)</p> <p>(vi) <input type="checkbox"/> Trust treated as an individual retirement account (section 408(c) of the Code)</p> <p>(vii) <input type="checkbox"/> Employee stock ownership plan not part of a qualified plan (section 301(d) of the Tax Reduction Act of 1975)</p> <p>(viii) <input type="checkbox"/> Other (specify) ► _____</p>		
<p><small>Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.</small></p>		
<p>Date ► _____ Signature of employer/plan sponsor ► _____</p>		
<p>Date ► _____ Signature of plan administrator ► _____</p>		

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(c) Other plan features: (i) ☐ Thrift-savings (ii) ☐ Keogh (H.R. 10) plan
 (iii) ☐ Employee stock ownership as part of a qualified plan (check only if you checked a box in (b)(ii) above)
 (d) Is this a defined benefit plan covered under the Pension Benefit Guaranty Corporation termination insurance program? ☐ Yes ☐ No ☐ Not determined

7 Number of participants as of the end of the plan year (welfare plans complete only (a)(iv), (b), (c) and (d)):

(a) Active participants (employed or carried as active)	(i) Number fully vested	
	(ii) Number partially vested	
	(iii) Number nonvested	
	(iv) Total	
(b) Retired or separated participants receiving benefits		
(c) Retired or separated participants entitled to future benefits		
(d) Subtotal, sum of (a), (b) and (c)		
(e) Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		
(f) Total, (d) plus (e)		

(g) During the plan year, was any participant(s) separated from service with a deferred vested benefit? ☐ Yes ☐ No
 If "Yes," see instructions.

8 Plan amendment information (welfare plans complete only (a), (b)(i) and (c)):

(a) Was any amendment to this plan adopted in this plan year? ☐ Yes ☐ No

(b) If "Yes," (i) And if a material modification, has a summary description of this modification—
 (A) Been sent to plan participants? ☐ Yes ☐ No
 (B) Been filed with DOL? ☐ Yes ☐ No
 (ii) Does any such amendment result in the reduction of the accrued benefit of any participant under the plan? ☐ Yes ☐ No
 (iii) Will amendment result in a reduction of current or future benefits? ☐ Yes ☐ No
 (iv) Has a determination letter been requested from IRS with respect to such amendment? ☐ Yes ☐ No

(c) Enter the date the most recent amendment was adopted: Month Day Year

9 Plan termination information (welfare plans complete only (a), (b), (c) and (f)):

(a) Was this plan terminated during this plan year or any prior plan year? ☐ Yes ☐ No

(b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan? ☐ Yes ☐ No

(c) Was a resolution to terminate this plan adopted during this plan year or any prior plan year? ☐ Yes ☐ No

(d) If (a) or (c) is "Yes," have you received a favorable determination letter from IRS with respect to such termination? ☐ Yes ☐ No

(e) If (d) is "No," has a determination letter been requested from IRS? ☐ Yes ☐ No

(f) If (a) or (c) is "Yes," have participants and beneficiaries been notified of the termination or the proposed termination? ☐ Yes ☐ No

10 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan? ☐ Yes ☐ No
 If "Yes," identify other plan(s):

(b) Name of plan(s)	(c) Employer identification number(s)	(d) Plan number(s)

(e) Has Form 5310 been filed with IRS? ☐ Yes ☐ No

11 Indicate funding arrangement:

(a) ☐ Trust (benefits provided in whole from trust funds)
 (b) ☐ Trust or arrangement providing benefits partially through insurance and/or annuity contracts
 (c) ☐ Trust or arrangement providing benefits exclusively through insurance and/or annuity contracts
 (d) ☐ Custodial account described in section 401(f) of the Code and not included in (c) above
 (e) ☐ Other (specify) _____
 (f) If (b) or (c) is checked, enter the number of Schedule A's (Form 5500) which are attached: _____

12 Did any person who rendered services to the plan receive, directly or indirectly, compensation from the plan in the plan year? ☐ Yes ☐ No
 If "Yes," furnish the following information:

a. Name	b. Official plan position	c. Relationship to employer, employee organization or person known to be a party-in-interest	d. Gross salary or allowances paid by plan	e. Fees and commissions paid by plan	f. Nature of services code (see instructions)

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13 Plan assets and liabilities at the beginning and the end of the plan year (list all assets and liabilities at current value). If plan is funded entirely by allocated insurance contracts for which no trust is involved, check box and do not complete this item. ☐

Note: Include all plan assets and liabilities of a trust or separately maintained fund. (If more than one trust/fund, report on a combined basis.) Include unallocated, but not allocated, insurance contracts. Round off amounts to nearest dollar.

Assets		a. Beginning of year	b. End of year
(a) Cash: (i) On hand			
(ii) In bank: (A) Certificates of deposit			
(B) Other interest bearing			
(C) Noninterest bearing			
(iii) Total cash			
(b) Receivables: (i) Employer contributions			
(ii) Employee contributions			
(iii) Other			
(iv) Reserve for doubtful accounts			
(v) Net receivables, sum of (i), (ii) and (iii) minus (iv)			
(c) General investments other than party-in-interest investments:			
(i) U.S. Government securities:			
(A) Long term			
(B) Short term			
(ii) State and municipal securities			
(iii) Corporate debt instruments:			
(A) Long term			
(B) Short term			
(iv) Corporate stocks: (A) Preferred			
(B) Common			
(v) Shares of a registered investment company			
(vi) Real estate			
(vii) Mortgages			
(viii) Loans other than mortgages			
(ix) Value of interest in pooled fund(s)			
(x) Other investments			
(xi) Total general investments, sum of (i) through (x)			
(d) Party-in-interest investments:			
(i) Corporate debt instruments			
(ii) Corporate stocks: (A) Preferred			
(B) Common			
(iii) Real estate			
(iv) Mortgages			
(v) Loans other than mortgages			
(vi) Other investments			
(vii) Total party-in-interest investments, sum of (i) through (vi)			
(e) Buildings and other depreciable property			
(f) Value of unallocated insurance contracts:			
(i) Separate accounts			
(ii) Other			
(iii) Total, (i) plus (ii)			
(g) Other assets			
(h) Total assets, sum of (a)(iii), (b)(v), (c)(xi), (d)(vii), (e), (f)(iii) and (g)			
Liabilities			
(i) Payables: (i) Plan claims			
(ii) Other payables			
(iii) Total payables, (i) plus (ii)			
(j) Acquisition indebtedness			
(k) Other liabilities			
(l) Total liabilities, sum of (i)(iii), (j) and (k)			
(m) Net assets, (h) less (l)			
(n) During the plan year what were the:			
(i) Total cost of acquisitions for common stock?			
(ii) Total proceeds from dispositions of common stock?			

APPENDIX V

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Note: Include all income and expenses of a trust(s) or separately maintained fund(s). Round off amounts to nearest dollar.

Notes: Include all income and expenses of a trust(s) or separately maintained fund(s). Round off amounts to nearest dollar.

Income		a. Amount	b. Total
(a) Contributions received or receivable in cash from—			
(i) Employer(s) (including contributions on behalf of self-employed individuals)			
(ii) Employees			
(iii) Others			
(b) Noncash contributions (specify nature and by whom made) ▶			
(c) Total contributions, sum of (a) and (b)			
(d) Earnings from investments—			
(i) Interest			
(ii) Dividends			
(iii) Rents			
(iv) Royalties			
(e) Net realized gain (loss) on sale or exchange of assets—			
(i) Aggregate proceeds			
(ii) Aggregate costs			
(f) Other income (specify) ▶			
(g) Total income, sum of (c) through (f)			
Expenses		a. Amount	b. Total
(h) Distribution of benefits and payments to provide benefits—			
(i) Directly to participants or their beneficiaries			
(ii) To insurance carrier or similar organization for provision of benefits			
(iii) To other organizations or individuals providing welfare benefits			
(i) Interest expense			
(j) Administrative expenses—			
(i) Salaries and allowances			
(ii) Fees and commissions			
(iii) Insurance premiums for Pension Benefit Guaranty Corporation			
(iv) Insurance premiums for fiduciary insurance other than bonding			
(v) Other administrative expenses			
(k) Other expenses (specify) ▶			
(l) Total expenses, sum of (h) through (k)			
(m) Net income (expenses), (g) minus (l)			
Change in net assets		a. Amount	b. Total
(n) Change in net assets—			
(i) Unrealized appreciation (depreciation) of assets			
(ii) Other changes (specify) ▶			
(o) Net increase (decrease) in net assets for the year, (m) plus (n)			
(p) Net assets at beginning of year, line 13(m), column a			
(q) Net assets at end of year, (o) plus (p) (equals line 13(m), column b)			

13	Has there been any change since the last report in the appointment of any trustee, accountant, insurance carrier, enrolled actuary, administrator, investment manager or custodian?	Yes	No

If "Yes," explain and include the name, position, address and telephone number of the individual who left or was removed by the plan ▶

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		Yes	No
16 Bonding:			
(a)	Was the plan insured by a fidelity bond against losses through fraud or dishonesty?		
(b)	If "Yes," enter the maximum amount of loss recoverable ▶		
(c)	Enter the name of the surety company ▶		
(d)	Does the plan, or a known party-in-interest with respect to the plan, have any control or significant financial interest, direct or indirect, in the surety company or its agents or brokers?		
(e)	If the plan is not insured by a fidelity bond, explain why not ▶		
(f)	In the current plan year was any loss to the plan caused by the fraud or dishonesty of any plan official or employee of the plan or of other person handling funds of the plan? If "Yes," see specific instructions.		
17 Information about employees of employer at end of the plan year (Plans not purporting to satisfy the percentage tests of section 410(b)(1)(A) of the Code complete only (a) below and see specific instructions):			
(a)	Total number of employees		
(b)	Number of employees excluded under the plan—		
(i)	Minimum age or years of service		
(ii)	Employees on whose behalf retirement benefits were the subject of collective bargaining		
(iii)	Nonresident aliens who receive no earned income from United States sources		
(iv)	Total excluded, sum of (i), (ii) and (iii)		
(c)	Total number of employees not excluded, (a) less (b)(iv)		
(d)	Employees ineligible (specify reason) ▶		
(e)	Employees eligible to participate, (c) less (d)		
(f)	Employees eligible but not participating		
(g)	Employees participating, (e) less (f)		
18 Is this plan an adoption of a:			
(a)	<input type="checkbox"/> Master/prototype,	(b)	<input type="checkbox"/> Field prototype,
(c)	<input type="checkbox"/> Pattern or	(d)	<input type="checkbox"/> Model plan?
If "Yes," enter the four or eight digit IRS serial number (see instructions) ▶			
(a)	Is it intended that this plan qualify under section 401(a) or 405 of the Code?		
(b)	Have you requested or received a determination letter from the IRS for this plan?		
19 If plan is integrated, check appropriate box:			
(a)	<input type="checkbox"/> Social security	(b)	<input type="checkbox"/> Railroad retirement
(c)	<input type="checkbox"/> Other		
(a)	Is this a defined benefit plan subject to the minimum funding standards for this plan year? If "Yes," attach Schedule B (Form 5500).		
(b)	Is this a defined contribution plan, i.e., money purchase or target benefit, subject to the minimum funding standards? (If a waiver was granted, see instructions.) If "Yes," complete (i), (ii) and (iii) below:		
(i)	Amount of employer contribution required for the plan year under section 412 of the Code		
(ii)	Amount of contribution paid by the employer for the plan year		
Enter date of last payment by employer . . . ▶ Month . . . Day . . . Year . . .			
(iii)	Funding deficiency, excess, if any, of (i) over (ii)		
22 The following questions relate to the plan year. If (a)(i), (ii), (iii), (iv) or (v) is checked "Yes," schedules of such items in the format set forth in the instructions are required to be attached to this form.			
(a)	(i) Did the plan have assets held for investment?		
(ii)	Did any non-exempt transaction involving plan assets involve a party known to be a party-in-interest?		
(iii)	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectable?		
(iv)	Were any leases to which the plan was a party in default or classified during the year as uncollectable?		
(v)	Were any plan transactions or series of transactions in excess of 3% of the current value of plan assets?		
(b)	The accountant's opinion is <input type="checkbox"/> not required or <input type="checkbox"/> required, attached to this form, and is—		
(i)	<input type="checkbox"/> Unqualified		
(ii)	<input type="checkbox"/> Qualified		
(iii)	<input type="checkbox"/> Adverse		
(iv)	<input type="checkbox"/> Other (explain)		

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23 Complete this item only if you answered "Yes," to Item 6(d)

Did one or more of the reportable events or other events requiring notice to the Pension Benefit Guaranty Corporation occur during this plan year?

If "Yes," complete (a) through (h) below.

(a) Notification by the Internal Revenue Service that the plan has ceased to be a plan as described in Section 4021(a)(2) of ERISA or a determination by the Secretary of Labor of non-compliance with Title I of ERISA

(b) A decrease in active participants to the extent specified in the instructions

(c) A determination by the Internal Revenue Service that there has been a termination or partial termination of the plan within the meaning of Section 411(d)(3) of the Code

(d) An inability to pay benefits when due

(e) A distribution to a Substantial Owner to the extent specified in the instructions

(f) An alternative method of compliance has been prescribed for this plan by the Secretary of Labor under Section 110 of ERISA

(g) A cessation of operations at a facility to the extent specified in the instructions

(h) A withdrawal of a substantial employer

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

If additional space is required for any item, attach additional sheets the same size as this form.

☆ U.S. GOVERNMENT PRINTING OFFICE : 1977-O-238-106

25-80157-00

Form 5500-C Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan (With fewer than 100 participants) This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 and sections 6057(b) and 6058(a) of the Internal Revenue Code, referred to as the Code.	1977 This Form is Open to Public Inspection
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For the calendar plan year 1977 or fiscal plan year beginning _____, 1977 and ending _____, 19

File original of this form, including schedules and attachments, completed in ink or type.

▶ Do not file this form for Keogh (H.R. 10) plans with fewer than 100 participants and with at least one owner-employee participant. File Form 5500-K instead.

▶ Pension benefit plans, unless otherwise excepted, complete all items. Annuity arrangements of certain exempt organizations, and individual retirement account trusts of employers complete only items 1 through 6, 9 and 10.

▶ Government plans and church plans (not electing coverage under section 410(d) of the Code) complete only items 1 through 7, 9, 10(a), (b), (c), (d), 11 and 17.

▶ Certain welfare benefit plans are not required to file this form—see instructions.

▶ Welfare benefit plans required to file this form do not complete items 17, 18, 20 and 22.

▶ Plan number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."

▶ If any item does not apply, enter "N/A."

1 (a) Name of plan sponsor (employer if for a single employer plan) Address (number and street) City or town, State and ZIP code	1 (b) Employer identification number 1 (c) Telephone number of sponsor () 1 (d) Employer taxable year ends Month Day Year 19 1 (e) Business code number
2 (a) Name of plan administrator (if other than plan sponsor) Address (number and street) City or town, State and ZIP code	2 (b) Administrator's employer identification no. () 2 (c) Telephone number of administrator ()

3 Name, address and identification number of ☐ plan sponsor and/or ☐ plan administrator as they appeared on the last return/report filed for this plan if not the same as in 1 or 2 above ▶

4 Check appropriate box to indicate the type of plan entity (check only one box):

(a) <input type="checkbox"/> Single-employer plan	(c) <input type="checkbox"/> Multiemployer plan	(e) <input type="checkbox"/> Multiple-employer plan (other)
(b) <input type="checkbox"/> Plan of controlled group of corporations or common control employers	(d) <input type="checkbox"/> Multiple-employer collectively-bargained plan	(f) <input type="checkbox"/> Group insurance arrangement (of welfare plans)

5 (a) (i) Name of plan: (ii) <input type="checkbox"/> Check if changed since last return/report	5 (b) Effective date of plan 5 (c) Enter three digit plan number ▶
---	---

6 Type of plan:

(a) <input type="checkbox"/> Defined benefit	(c) <input type="checkbox"/> Welfare benefit
(b) <input type="checkbox"/> Defined contribution	(d) <input type="checkbox"/> Other (specify) ▶

7 (a) Active participants: (i) Fully vested (ii) Partially vested (iii) Nonvested (iv) Total ▶

(b) Total participants: (i) Beginning of plan year ▶ (ii) End of plan year ▶

(c) During the plan year, has any participant(s) separated from service with a deferred benefit (if "Yes," see instructions)? Yes No

8 Was this plan amended in this plan year? Yes No

9 Plan termination information:

(a) Was this plan terminated during this plan year or any prior plan year? Yes No

(b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan? Yes No

10 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan? Yes No

If "Yes," identify other plan(s):

(b) Name of plan(s) ▶	(c) Employer identification number(s)	(d) Plan number(s)
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(e) Has Form 5310 been filed with IRS? Yes No

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Date ▶ Signature of employer/plan sponsor ▶

Date ▶ Signature of plan administrator ▶

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11 Indicate funding arrangement:(a) ☐ Trust (b) ☐ Fully insured (c) ☐ Combination (d) ☐ Other (specify) ▶

(e) If (b) or (c) are checked enter number of Schedule A's (Form 5500) which are attached ▶

12 If item 6(a) is checked is the plan covered under the Pension Benefit Guaranty Corporationtermination insurance program? ☐ Yes ☐ No ☐ Not determined**13** Plan assets and liabilities at the beginning and the end of the plan year (list all assets and liabilities at current value). If plan is funded entirely by allocated insurance contracts for which no trust is involved, check box and do not complete this item ☐

Note: Include all plan assets and liabilities of a trust or separately maintained fund. If more than one trust/fund, report on a combined basis. Include unallocated but not allocated insurance contracts. Round off amounts to nearest dollar.

Assets	Beginning of year		End of year	
	a. Party-in-interest	b. Total	c. Party-in-interest	d. Total
(a) Cash				
(b) Receivables				
(c) Investments—(i) Government securities				
(ii) Pooled funds/mutual funds				
(iii) Corporate (debt and equity instruments)				
(iv) Real estate and mortgages				
(v) Other				
(d) Buildings and other depreciable property				
(e) Unallocated insurance contracts				
(f) Other assets				
(g) Total assets, sum of (a) through (f)				
Liabilities and Net Assets				
(h) Payables				
(i) Acquisition indebtedness				
(j) Other liabilities				
(k) Total liabilities, sum of (h) through (j)				
(l) Net assets, (g) minus (k)				

	a. Amount	b. Total
14 Plan income, expenses and changes in net assets during the plan year:		
(a) Contributions received or receivable in cash from:		
(i) Employer(s) (including contributions on behalf of self-employed individuals)		
(ii) Employees		
(iii) Others		
(b) Noncash contributions (specify nature and by whom made) ▶		
(c) Earnings from investments (interest, dividends, rents, royalties)		
(d) Net realized gain (loss) on sale or exchange of assets		
(e) Other income (specify) ▶		
(f) Total income, sum of (a) through (e)		
(g) Distribution of benefits and payments to provide benefits—		
(i) Directly to participants or their beneficiaries		
(ii) To insurance carrier or similar organization for provision of benefits (including prepaid medical plans)		
(iii) To other organizations or individuals providing welfare benefits		
(h) Interest expense		
(i) Administrative expenses (salaries, fees, commissions, insurance premiums)		
(j) Other expenses (specify) ▶		
(k) Total expenses, sum of (g) through (j)		
(l) Net income, (f) minus (k)		
(m) Changes in net assets—(i) Unrealized appreciation (depreciation) of assets		
(ii) Other changes (specify) ▶		
(n) Net increase (decrease) in net assets for the year (l) plus (m)		
(o) Net assets at beginning of year (line 13(l), column b)		
(p) Net assets at end of year, (n) plus (o) (equals line 13(l), column d)		

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15 Has there been any change since the last report in the appointment of any trustee, accountant, insurance carrier, enrolled actuary, administrator, investment manager or custodian? ☐ Yes ☐ No
If "Yes," explain and include the name, position, address and telephone number of the individual who left or was removed by the plan ▶

16 (a) Surety company name ▶ (b) Amount of bond coverage ▶ \$ (c) Was any loss discovered during plan year? ☐ Yes ☐ No

17 Information about employees of the employer at end of the plan year. (Plans not purporting to satisfy the percentage tests of section 410(b)(1)(A) of the Code complete only (a) below and see instructions):
(a) Total number of employees
(b) Number of employees excluded under the plan: (i) Minimum age or years of service
(ii) Employees on whose behalf retirement benefits were the subject of collective bargaining
(iii) Nonresident aliens who receive no earned income from United States sources
(iv) Total excluded, sum of (i), (ii) and (iii)
(c) Total number of employees not excluded, (a) less (b)(iv)
(d) Employees ineligible (specify reason) ▶
(e) Employees eligible to participate, (c) less (d)
(f) Employees eligible but not participating
(g) Employees participating, (e) less (f)

18 Is this plan an adoption of a: (a) ☐ Master/prototype, (b) ☐ Field prototype, (c) ☐ Pattern or (d) ☐ Model plan? ☐ Yes ☐ No
If "Yes," enter the four or eight digit IRS serial number (see instructions) ▶

19 Did any person who rendered services to the plan receive, directly or indirectly, compensation from the plan in the plan year? ☐ Yes ☐ No
If "Yes," see instructions for information required.

20 (a) Is this a defined benefit plan subject to the minimum funding standards for this plan year? ☐ Yes ☐ No
If "Yes," attach Schedule B (Form 5500).
(b) Is this a defined contribution plan, i.e. money purchase or target benefit, subject to the minimum funding standards? (If a waiver was granted see instructions) ☐ Yes ☐ No
If "Yes," complete (i), (ii) and (iii): (i) Amount of employer contribution required for the plan year
(ii) Amount of contribution paid by the employer for the plan year under section 412 of the Code
Enter date of last payment by employer ▶ Month Day Year
(iii) Funding deficiency, excess, if any, of (i) over (ii)

21 (a) Did any non-exempt transaction, involving plan assets, involve a person known to be a party-in-interest? ☐ Yes ☐ No
If (a) is "Yes," attach a list of such transactions in the same format as is shown in the instructions.
(b) Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectable? ☐ Yes ☐ No
(c) Were any leases to which the plan was a party in default or classified as uncollectable during the plan year? ☐ Yes ☐ No

Complete this item only if you answered "Yes," to item 12.

22 Did one or more of the reportable events or other events requiring notice to the Pension Benefit Guaranty Corporation occur during this plan year? ☐ Yes ☐ No
If "Yes," complete (a) through (i) below.
(a) Notification by the Internal Revenue Service that the plan has ceased to be a plan as described in Section 4021(a)(2) of ERISA or a determination by the Secretary of Labor of non-compliance with Title I of ERISA
(b) A decrease in active participants to the extent specified in the instructions
(c) A determination by the Internal Revenue Service that there has been a termination or partial termination of the plan within the meaning of Section 411(d)(3) of the Code
(d) An inability to pay benefits when due
(e) A distribution to a Substantial Owner to the extent specified in the instructions
(f) An alternative method of compliance has been prescribed for this plan by the Secretary of Labor under Section 110 of ERISA
(g) A cessation of operations at a facility to the extent specified in the instructions
(h) A withdrawal of a substantial employer
(i) An amendment which may cause the benefit payable to any participant to be decreased

<p>Form 5500-K Department of the Treasury Internal Revenue Service</p> <p>Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation</p>	<p>Annual Return/Report of Employee Pension Benefit Plan for Sole Proprietorships and Partnerships (With fewer than 100 participants and at least one owner-employee)</p> <p>This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code)</p>	<p>1977</p> <p>This Form is Open to Public Inspection</p>
For calendar plan year 1977 or fiscal plan year beginning 1977, and ending 19		
File original of this form, including schedules and attachments, completed in ink or type.		
Note: Partnerships with Keogh (H.R. 10) plans that do not have an owner-employee participant must file Form 5500 or 5500-C		
▶ File one Form 5500-K for each plan you have in which an owner-employee is a participant.		
▶ Plan Number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number"		
▶ Please complete every applicable item on this form. If an item does not apply, enter "N/A."		
1 (a) Name of plan sponsor (employer if single employer plan) Address (number and street) City or town, State and ZIP code	1 (b) Employer identification number 1 (c) Telephone number of sponsor () 1 (d) Employer taxable year ends Month Day Year 19 1 (e) Business code number	
2 (a) Name of plan administrator (if other than plan sponsor) Address (number and street) City or town, State and ZIP code	2 (b) Administrator's employer identification no. 2 (c) Telephone number of administrator ()	
3 Name, address and identification number of <input type="checkbox"/> plan sponsor and/or <input type="checkbox"/> plan administrator as they appear on the last return/report filed for this plan, if not the same as in 1 or 2 above ▶		
4 Check appropriate box to indicate the type of plan entity (check only one box): (a) <input type="checkbox"/> Single-employer (b) <input type="checkbox"/> Other (specify) ▶		
5 (a) (i) Name of plan (ii) <input type="checkbox"/> Check if changed since last report	(b) Effective date of plan (c) Enter three digit plan number ▶	
6 Indicate the type of plan: (a) <input type="checkbox"/> Defined benefit (pension plan) (b) <input type="checkbox"/> Money purchase (c) <input type="checkbox"/> Profit-sharing		
7 (a) Participants employed and active participants: (i) Self-employed (ii) Other participants (iii) Total (add lines 7(a)(i) and (ii))		
(b) Total participants (see specific instruction 7(b)): (i) At beginning of the plan year (ii) At the end of the plan year		
(c) During the plan year, has any participant(s) separated from service with a deferred vested benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," see instructions.		
8 Was any amendment to this plan adopted in this plan year? <input type="checkbox"/> Yes <input type="checkbox"/> No		
9 Termination information: (a) Was this plan terminated during this plan year or any prior plan year? (b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan?		
10 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan? If "Yes," enter information about other plan(s):		
(b) Name of plan(s) ▶	(c) Employer identification number(s)	(d) Plan number(s)
(e) Has Form 5310 been filed with IRS? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.		
Date ▶ Signature of employer/plan sponsor ▶		
Date ▶ Signature of plan administrator ▶		

Form 5500-K (1977)

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11 Indicate funding arrangement:(a) ☐ Trust (b) ☐ Fully insured (c) ☐ Combination (d) ☐ Other (specify) ▶

(e) If (b) or (c) is checked enter number of Schedule A's (Form 5500) which are attached . . . ▶

12 If item 6(a) above is checked is the plan covered under the Pension Benefit Guaranty Corporation termination insurance program?☐ Yes ☐ No ☐ Not determined**13 Please furnish the following financial information for the plan (round off amounts to nearest dollar):**

(a) Net assets (current value) at beginning of plan year

(b) Contributions by employer and employees for the plan year

(c) Income for the plan year

(d) Expenditures for the plan year

(e) Distributions made for the plan year

(f) Other changes in net assets

(g) Net assets (current value) at end of the plan year

14 Did any person who rendered services to the plan, receive, directly or indirectly, compensation from the plan in the plan year?

Yes No

If "Yes," attach a list of such persons in the same format as shown in the instructions.

15 Has there been any change since the last report in the appointment of any trustee, accountant, insurance carrier, enrolled actuary, administrator, investment manager or custodian?

If "Yes," attach an explanation including the name, position, address and telephone number of the individual who left or was removed by the plan.

16 (a) Is the plan insured by a fidelity bond?

(b) If "Yes," enter name of surety company ▶

(c) Amount of bond coverage ▶

(d) Was any loss discovered during plan year?

17 (a) Did any nonexempt transaction, involving plan assets, involve a person known to be a party-in-interest?

If (a) is "Yes," attach a list of such transactions in the same format as is shown in the instructions.

(b) Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or during the plan year?

(c) Were any leases to which the plan was a party in default or classified as uncollectable during the plan year?

18 Is this plan an adoption of a:(a) ☐ Master/prototype or (b) ☐ Pattern plan?

If "Yes," enter the eight digit IRS letter serial number (see instructions) ▶

19 (a) Is this a defined benefit plan subject to the minimum funding standards for this plan year?

If "Yes," attach Schedule B (Form 5500).

(b) Is this a defined contribution plan, i.e., money purchase or target benefit, subject to the minimum funding standards (if a waiver was granted, see instructions)?

If "Yes," complete (i), (ii) and (iii) below. Sole proprietor or partnership with no employees during the year, enter "N/A".

(i) Amount of employer contribution required for the plan year under section 412 of the Code

(ii) Amount of contribution paid by the employer for the plan year

Enter date of last payment by employer ▶ Month Day Year

(iii) Funding deficiency excess, if any, of (i) over (ii)

Complete this item only if you answered "Yes," to item 12.**20 Did one or more of the reportable events or other events requiring notice to the Pension Benefit Guaranty Corporation occur during this plan year?**

Yes No

If "Yes," complete (a) through (i) below:

(a) Notification by the Internal Revenue Service that the plan has ceased to be a plan as described in Section 4021 (a)(2) of ERISA or a determination by the Secretary of Labor of noncompliance with Title I of ERISA

(b) A decrease in active participants to the extent specified in the instructions

(c) A determination by the Internal Revenue Service that there has been a termination or partial termination of the plan within the meaning of Section 411(d)(3) of the Code

(d) An inability to pay benefits when due

(e) A distribution to a Substantial Owner to the extent specified in the instructions

(f) An alternative method of compliance has been prescribed for this plan by the Secretary of Labor under Section 110 of ERISA

(g) A cessation of operations at a facility to the extent specified in the instructions

(h) A withdrawal of a substantial employer

(i) An amendment which may cause the benefit payable to any participant to be decreased

If additional space is required for any item, attach additional sheets the same size as this form.

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974. ► File as an Attachment to Forms 5500, 5500-C and 5500-K	1977 This Form Is Open to Public Inspection
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For plan year beginning _____, 1977 and ending _____, 19__

► **Part I must be completed for all plans required to file this schedule.** ► **Please complete all applicable items on this Form.**
 ► **Part II must be completed for all insured pension plans.** If an item does not apply, enter "N/A".
 ► **Part III must be completed for all insured welfare plans.** ► **Round off money amounts to nearest dollar.**

Name of plan sponsor as shown on line 1(a) of Form 5500, 5500-C or 5500-K _____ Employer identification number _____

Name of plan _____ Enter three digit plan number ► _____

Part I Summary of All Insurance Contracts Included in Parts II and III
 Group all contracts in the same manner as in Parts II and III.

1 Check appropriate box:
 (a) ☐ Welfare plan (b) ☐ Pension plan (c) ☐ Combination pension and welfare plan

2 Coverage:

(a) Name of insurance carrier	(b) Contract number or identification	(c) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
			(d) From	(e) To

3 Payments to soliciting agents and brokers:

(a) Contract number or identification	(b) Name and address of each soliciting agent or broker receiving compensation	(c) Amount of sales commissions paid to soliciting agent or broker		(d) If soliciting agent or broker is compensated by a method other than as a percentage of premiums, explain that method of compensation
		First year	Remainder	

4 Premiums due and unpaid at end of the plan year ► \$ _____, contract number, or identification ► _____

Part II Insured Pension Plans
 Provide information for each contract on a separate Part II. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

► **Contract number or identification ► _____**

5 Contracts with allocated funds, for example, individual policies or group deferred annuity contracts:

(a) State the basis of premium rates ► _____

(b) Total premiums paid to carrier

(c) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 3 above, enter amount

Specify nature of costs ► _____

6 Contracts with unallocated funds, for example, deposit administration or immediate participation guarantee contracts. Do not include portions of these contracts maintained in separate accounts:

(a) Balance at end of previous policy year	
(b) Additions: (i) Contributions deposited during year	
(ii) Dividends and credits	
(iii) Interest credited during year	
(iv) Transferred from separate account	
(v) Other (specify) ►	
(vi) Total additions	
(c) Total of balance and additions, (a) plus (b)(vi)	
(d) Deductions:	
(i) Disbursed from fund to pay benefits or purchase annuities during year	
(ii) Administration charge made by carrier	
(iii) Transferred to separate account	
(iv) Other (specify) ►	
(v) Total deductions	
(e) Balance at end of current policy year, (c) less (d)(v)	

7 Separate accounts: Current value of plan's interest in separate accounts at year end _____

Schedule A (Form 5500) 1977

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Part III Insured Welfare Plans

Provide information for each contract on a separate Part III. If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 (a) Contract number or identification	(b) Type of benefit	(c) List gross premium for each contract	(d) Premium rate or subscription charge
9 Experience rated contracts:			
(a) Premiums:			
(i) Amount received			
(ii) Increase (decrease) in amount due but unpaid			
(iii) Increase (decrease) in unearned premium reserve			
(iv) Premiums earned, (i) plus (ii), minus (iii)			
(b) Benefit charges:			
(i) Claims paid			
(ii) Increase (decrease) in claim reserves			
(iii) Incurred claims (i) plus (ii)			
(iv) Claims charged			
(c) Remainder of premium:			
(i) Retention charges (on an accrual basis)—			
(A) Commissions			
(B) Administrative service or other fees			
(C) Other specific acquisition costs			
(D) Other expenses			
(E) Taxes			
(F) Charges for risks or contingencies			
(G) Other retention charges			
(H) Total retention			
(ii) Dividends or retroactive rate refunds. (Such amounts were <input type="checkbox"/> paid in cash or <input type="checkbox"/> credited.)			
(d) Status of policyholder reserves at end of year:			
(i) Amount held to provide benefits after retirement			
(ii) Claim reserves			
(iii) Other reserves			
(e) Dividends or retroactive rate refunds due (do not include amount entered in (c)(ii))			
10 Non experience rated contracts:			
(a) Total premiums or subscription charges paid to carrier			
(b) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 3 above, report amount			
Specify nature of costs ►			

If additional space is required for any item, attach additional sheets the same size as this form.

General Instructions

This schedule must be attached to Form 5500, 5500-C or 5500-K, for every defined benefit, defined contribution and welfare benefit plan where any benefits under the plan are provided by an insurance company, insurance service or other similar organization.

Specific Instructions

(References are to the line items on the form.)

Include only contracts with policy or contract years ending with or within the plan year. Data on Schedule A should be reported only for such policy or contract years. Exception: If the insurance company maintains records on the basis of a plan year rather than policy or contract year,

data on Schedule A (Form 5500) may be reported for the plan year.

Include only the contracts issued to the plan for which this return/report is being filed.

2(c).—Since the plan coverage may fluctuate during the year, the number of persons entered should be that which the administrator determines will most reasonably reflect the number covered by the plan at the end of the policy or contract year.

Where contracts covering individual employees are grouped, entries should be determined as of the end of the plan year.

2(d) and (e).—Enter the beginning and ending dates of the policy year for each contract listed under column (b). Where

separate contracts covering individual employees are grouped, enter "N/A" in column (d).

5(a).—The rate information called for here may be furnished by attachment of appropriate schedules of current rates filed with appropriate state insurance departments or by a statement as to the basis of the rates.

6.—Show deposit fund amounts rather than experience credit records when both are maintained.

8(d).—The rate information called for here may be furnished by attachment of appropriate schedules of current rates or by a statement as to the basis of the rates.

9(b)(iv).—The amount in 9(b)(iii) will not necessarily agree with the amount in 9(b)(iv).

SCHEDULE B
(Form 5500)

Department of the Treasury
Internal Revenue Service
Department of Labor
Pension and Welfare Benefit Programs
Pension Benefit Guaranty Corporation

Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974, referred to as ERISA, and section 6059(a) of the Internal Revenue Code, referred to as the Code.

▶ Attach to Forms 5500, 5500-C and 5500-K if applicable.

1977

**This Form is
Open to Public
Inspection**

For plan year beginning _____, 1977 and ending _____

► Please complete every applicable item on this form. If an item does not apply, enter "N/A."
► Round off amounts to nearest dollar.

Name of plan sponsor as shown on line 1(a) of Form 5500, 5500-C or 5500-K

Employer identification number

Name of plan

Enter three
digit plan
number

Yes	No
-----	----

- 1 Has a waiver of a funding deficiency for the current plan year been approved by the IRS?
If "Yes," attach a copy of the IRS approval letter.
- 2 Is a waived funding deficiency of a prior plan year being amortized in the current year?
- 3 Have any of the periods of amortization for charges described in section 412(b)(2)(B) of the Code been extended by DOL?
If "Yes," attach a copy of the DOL approval of extension letter.
- 4 (a) Has the shortfall funding method been used?
(i) If (a) is "Yes," has the deferral of the amortization of the shortfall gain (loss), beyond the plan year following the year in which the shortfall gain (loss) arose, been elected?
(ii) If (a) is "Yes," has the deferral of the amortization of the actuarial gain (loss), beyond the first plan year after valuation, been elected?
- 5 Actuarial method and operational information: (a) Enter most recent actuarial valuation date ▶
(b) Enter date(s) and amount of contributions received this plan year for prior plan years and not previously reported:
Date(s) ▶ Amount ▶
(c) Accumulated funding deficiency at end of plan year (amount of contribution certified by the actuary as necessary to reduce the funding deficiency to zero), from 7(m) or 8(g)
(d) (i) Accrued liabilities as of (enter date) ▶
(ii) Value of assets as determined for funding standard account
(iii) Unfunded accrued liability
(e) Value of vested benefits (if calculated)
(f) Current value of the assets accumulated in the plan as of (enter date) ▶
(g) Number of persons covered (included in the most recent actuarial valuation): (i) Active participants
(ii) Terminated participants with vested benefits
(iii) Retired participants and beneficiaries of deceased participants
(h) (i) Actuarial gains or (losses) for period ending ▶
(ii) Shortfall gains or (losses) for period ending ▶
(i) Attach a statement of actuarial assumptions and methods used to determine (i) the normal cost and liabilities shown on lines 7(b) or 8(b) and 5(d)(i), and (ii) the value of assets shown on line 5(d)(ii). The statement is to include a summary of the principal eligibility and benefit provisions upon which the valuation was based, an identification of benefits not included in the calculation, and other facts, such as, any change in actuarial assumptions or cost methods and justifications for any such change. Include also such other information, if any, needed to fully and fairly disclose the actuarial position of the plan.

6 Contributions made to the plan for the plan year by employer(s) and employees:

[illegible]

Statement by enrolled actuary (see instructions before signing):

To the best of my knowledge, the information supplied in this schedule and on the accompanying statement, if any, is complete and accurate, and in my opinion the assumptions used in the aggregate (a) are reasonably related to the experience of the plan and to reasonable expectations, and (b) represent my best estimate of anticipated experience under the plan.

Signature of actuary

Date _____

Print or type name of actuary

Enrollment number

Address

.....
Telephone number (including area code)

Schedule B (Form 5500) 1977

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7 Funding standard account statement for plan year ending ▶	
Charges to funding standard account:	
(a) Prior year funding deficiency, if any	
(b) Employer's normal cost for plan year	
(c) Amortization charges (outstanding balance at beginning of plan year ▶ \$)	
(d) Interest on (a), (b) and (c)	
(e) Total charge, sum of (a) through (d)	
Credits to funding standard account:	
(f) Prior year credit balance, if any	
(g) (i) Employer contributions (total from column (b) of item 6)	
(ii) Employer contributions received this plan year for prior plan years and not previously reported	
(h) Amortization credits (outstanding balance at beginning of plan year ▶ \$)	
(i) Interest on (f), (g) and (h)	
(j) Other (specify) ▶	
(k) Total credits, sum of (f) through (j)	
Balance:	
(l) Credit balance, excess, if any, of (k) over (e)	
(m) Funding deficiency, excess, if any, of (e) over (k)	
8 Alternative minimum funding standard account (omit if not used):	
(a) Was the entry age normal cost method used to determine entries in item 7 above?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "No," omit (b) through (g) below.	
(b) Normal cost	
(c) Excess, if any, of value of accrued benefits over market value of assets	
(d) Interest on (b) and (c)	
(e) Employer contributions (total from column (b) of item 6)	
(f) Interest on (e)	
(g) Funding deficiency, excess, if any, of the sum of (b) through (d) over the sum of (e) and (f)	

Instructions

Who Must File.—The employer or plan administrator of a defined benefit plan that is subject to the minimum funding standards (see section 412 of the Code and Part 3 of Title I of ERISA) must file this schedule as an attachment to the annual return/report filed for plan years beginning on or after January 1, 1976. Plans maintained on January 1, 1974, pursuant to one or more collective bargaining agreements entered into before September 2, 1974, are not subject to the minimum funding standards for plan years beginning before the termination of the collective bargaining agreement(s) or January 1, 1981.

For split-funded plans, the costs and contributions reported on Schedule B should include those relating to both trust funds and insurance carriers.

Specific Instructions

(References are to line items on the form.)

4(a) A collectively bargained plan may elect the shortfall funding method (see regulations under section 412 of the Code). Advance approval from the IRS of the election of the shortfall method of funding is NOT required if it is first adopted on or before the later of (i) the first plan year to which section 412 of the Code applies or (ii) the last plan year commencing before December 31, 1980. However, advance approval from the IRS is required, if adopted at a later time or if discontinued.

4(b) Advance approval from the IRS of the election to defer the amortization of the shortfall gain (loss) and/or the amortization of the actuarial gain (loss) is required for a plan year, subsequent to the first plan year to which the shortfall method applies. Advance approval from the IRS is required for discontinuance.

5(a) The valuation for a plan year may be as of any date in the year, including the first and last. Valuations must be performed within the period specified by section 103(d) of ERISA and section 6059(a) of the Code.

5(b) Not applicable to the first plan year to which the minimum funding standards apply.

5(c) Insert amount from item 7(m). However, if the alternative method is elected, and item 8(g) is smaller than item 7(m), enter the amount from item 8(g). File Form 5330 with the Internal Revenue Service to pay the 5% excise tax on the funding deficiency.

5(d) Amounts in 5(d) should all be as of the same date which should be the date of the end of the plan year or date as of which the most recent actuarial valuation was made. If amounts are not as of the date of the most recent actuarial valuation, indicate in the statement of actuarial assumptions and methods (as required by 5(i)) how the amounts in 5(d) were determined. Liabilities fully funded by annuity and insurance contracts other than any contract funds not allocated to individuals may be omitted from both items 5(d)(i) and 5(d)(ii).

5(d)(i) If the aggregate cost or frozen initial liability method is used, enter "N/A."

5(d)(ii) Determine the value of assets in accordance with section 412(c)(2) of the Code or 302(c)(2) of ERISA.

5(d)(iii) If the aggregate cost or frozen initial liability method is used, enter "N/A."

5(f) This should be as of the same date as 5(d) or, if not, the method of adjustment between the two dates should be indicated in 5(i).

5(h)(i) If the aggregate cost or frozen initial liability method is used, enter "N/A."

5(h)(ii) For the methods to be used to determine the shortfall gain (loss) see the regulations under section 412 of the Code.

5(i) A summary of one page or less of plan provisions will ordinarily be adequate. For the first year for which Schedule B is required to be filed, no change in the actuarial method or assumptions needs to be noted or justified. In subsequent years, a change in actuarial method or plan year requires IRS approval. Actuarial methods should be described in accordance with section 3(31) of ERISA as accrued benefit cost (or unit credit), entry age normal cost, individual level premium, aggregate cost, attained age normal cost or frozen initial liability, where those terms are applicable. If the shortfall method of funding is used, all pertinent facts relating to funding peculiar to this method should be included in the statement.

6 Show all employer and employee contributions for the plan year, and employer contributions made not later than 2½ months (or such later date allowed under section 412(c)(10) of the Code and section 302(c)(10) of ERISA) after the end of the plan year.

Statement by enrolled actuary.—In lieu of signing the statement, an enrolled actuary may attach a signed statement containing the name, address, enrollment number, telephone number and the actuary's opinion that the assumptions used in preparing Schedule B are in the aggregate reasonably related to the experience of the plan and to reasonable expectations, and represent his or her best estimate of anticipated experience under the plan and to the best of his or her knowledge the report is complete and accurate. In addition, the actuary may offer any other comments related to the information contained in Schedule B.

7 Under the shortfall method of funding, the Normal Cost in the funding standard account, is the charge per unit of production (or per unit of service) multiplied by the actual number of units of production (or units of service) which occurred during the plan year. Each amortization installment in the funding standard account is similarly calculated. For a plan maintained by more than one employer, the amortization of the shortfall gain (loss) and the actuarial gain (loss) may be deferred. See regulations under section 412 of the Code.

7(b) If no valuation was made for the current year, enter the normal cost calculated in the most recent actuarial valuation, or the estimated cost for the current year based on such valuation. If amounts are not as of the date of the most recent actuarial valuation, indicate in the statement of actuarial assumptions and methods (as required by 5(i)) how the amounts shown were determined.

8(a) If the entry age normal cost method was not used to determine the entries in item 7, the alternative minimum funding standard account may not be used.

8(c) The value of accrued benefits should exclude benefits accrued for the current plan year. The market value of assets should be reduced by the amount of any contributions for the current plan year.

1980 ANNUAL REPORT FORMS

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan (With 100 or more participants) This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 and sections 6057(b) and 6058(b) of the Internal Revenue Code, referred to as the Code.	1980 Amended <input type="checkbox"/> This Form is Open to Public Inspection
For the calendar plan year 1980 or fiscal plan year beginning _____, 1980 and ending _____, 19____.		
Type or print in ink all entries on the form, schedules, and attachments. If an item does not apply enter "N/A". File the originals.		
► Keogh (H.R. 10) plans with fewer than 100 participants and with at least one owner-employee participant do not file this form. File Form 5500-K instead. ► Other pension benefit plans and certain welfare benefit plans with fewer than 100 participants do not file this form. File Form 5500-C instead. ► Church plans (not electing coverage under section 410(d) of the Code) and governmental plans do not file this form. File Form 5500-G instead. ► Welfare benefit plans with 100 or more participants complete only items 1 through 16 and item 22. ► Pension benefit plans, unless otherwise excepted, complete all items. Annuity and custodial account arrangements of certain exempt organizations and individual retirement account trusts of employers complete only items 1 through 6, 9 and 10. ► Plan number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."		
1 (a) Name of plan sponsor (employer if for a single employer plan) Address (number and street) City or town, State and ZIP code	1 (b) Employer identification number 1 (c) Telephone number of sponsor () 1 (d) If plan year changed since last return/report check here <input type="checkbox"/>	
2 (a) Name of plan administrator (if other than plan sponsor) Address (number and street) City or town, State and ZIP code	1 (e) Business code number 2 (b) Administrator's employer identification no. 2 (c) Telephone number of administrator ()	
3 Name, address and identification number of plan sponsor and/or plan administrator as they appeared on the last return/report filed for this plan if not the same as in 1 or 2 above: (a) Sponsor ► _____ (b) Administrator ► _____		
4 Check appropriate box to indicate the type of plan entity (check only one box): (a) <input type="checkbox"/> Single-employer plan (c) <input type="checkbox"/> Multiemployer plan (e) <input type="checkbox"/> Multiple-employer plan (other) (b) <input type="checkbox"/> Plan of controlled group of corporations (d) <input type="checkbox"/> Multiple-employer-collectively-bargained plan (f) <input type="checkbox"/> Group insurance arrangement (of welfare plans)		
5 (a) (i) <input type="checkbox"/> Name of plan ► _____ (ii) <input type="checkbox"/> Check if name of plan changed since last return/report	5 (b) Effective date of plan 5 (c) Enter three digit plan number ►	
6 Check at least one item in (a) or (b) and applicable items in (c): (a) Welfare benefit plan: (i) <input type="checkbox"/> Health insurance (ii) <input type="checkbox"/> Life insurance (iii) <input type="checkbox"/> Supplemental unemployment (iv) <input type="checkbox"/> Other (specify) ► _____ (b) Pension benefit plan: (i) Defined benefit plan—(Indicate type of defined benefit plan below): (A) <input type="checkbox"/> Fixed benefit (B) <input type="checkbox"/> Unit benefit (C) <input type="checkbox"/> Flat benefit (D) <input type="checkbox"/> Other (specify) ► _____ (ii) Defined contribution plan—(Indicate type of defined contribution plan below): (A) <input type="checkbox"/> Profit-sharing (B) <input type="checkbox"/> Stock bonus (C) <input type="checkbox"/> Target benefit (D) <input type="checkbox"/> Other money purchase (E) <input type="checkbox"/> Other (specify) ► _____ (iii) <input type="checkbox"/> Defined benefit plan with benefits based partly on balance of separate account of participant (section 414(k) of the Code) (iv) <input type="checkbox"/> Annuity arrangement of a certain exempt organization (section 403(b)(1) of the Code) (v) <input type="checkbox"/> Custodial account for regulated investment company stock (section 403(b)(7) of the Code) (vi) <input type="checkbox"/> Trust treated as an individual retirement account (section 408(c) of the Code) (vii) <input type="checkbox"/> Other (specify) ► _____		
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.		
Date ► _____	Signature of employer/ plan sponsor ► _____	
Date ► _____	Signature of plan administrator ► _____	

Form 5500 (1980)

Page 2

6 (c) Other plan features:(i) ☐ Thrift-savings(ii) ☐ Keogh (H.R. 10) plan(iii) ☐ Pension plan maintained outside the United States(iv) ☐ Participant-directed account plan

(d) Single employer plans enter the taxable year end of the employer in which this plan year ends. ▶ Month Day Year

7 Number of participants as of the end of the plan year (welfare plans complete only (a)(iv), (b), (c) and (d)):

(a) Active participants (employed or carried as active) (i) Number fully vested

(ii) Number partially vested

(iii) Number nonvested

(iv) Total

(b) Retired or separated participants receiving benefits

(c) Retired or separated participants entitled to future benefits

(d) Subtotal, sum of (a), (b) and (c)

(e) Deceased participants whose beneficiaries are receiving or are entitled to receive benefits

(f) Total, (d) plus (e)

(g) (i) During this plan year or prior plan year was any participant(s) separated from service with a deferred vested benefit for which a Schedule SSA (Form 5500) is required to be attached to this form?

(ii) If "Yes," enter the number of separated participants required to be reported . . . ▶

8 Plan amendment information (welfare plans do not complete (b)(ii)):

(a) Was any amendment to this plan adopted in this plan year?

(b) If "Yes," (i) And if any amendments have resulted in a change in the information contained in a summary plan description or previously furnished summary description of modifications—

(A) Have summary descriptions of change(s) been sent to participants?

(B) Have summary descriptions of the change(s) been filed with DOL?

(ii) Does any such amendment result in the reduction of the accrued benefit of any participant under the plan?

(c) Enter the date the most recent amendment was adopted. ▶ Month Day Year

(d) (i) Has a summary plan description been filed with DOL for this plan?

(ii) If (i) is "Yes," what was the employer identification number and the plan number used to identify it?

Employer identification number ▶

Plan number ▶

9 Plan termination information (welfare plans complete only (a), (b), (c) and (f)):(a) Was this plan terminated during ☐ this plan year or ☐ any prior plan year?

(b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan?

(c) Was a resolution to terminate this plan adopted during this plan year or any prior plan year?

(d) If (a) or (c) is "Yes," have you received a favorable determination letter from IRS with respect to such termination?

(e) If (d) is "No," has a determination letter been requested from IRS?

(f) If (a) or (c) is "Yes," have participants and beneficiaries been notified of the termination or the proposed termination?

(g) If either item 9(a) or (c) is "Yes," and this plan is covered under PBGC termination insurance program has a notice of intent to terminate been filed?

10 (a) In this plan year, was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan?

If "Yes," identify other plan(s):

(c) Employer identification number(s)

(d) Plan number(s)

(b) Name of plan(s) ▶

(e) Has Form 5310 been filed? ☐ Yes ☐ No**11 Indicate funding arrangement:**(a) ☐ Trust (benefits provided in whole from trust funds)(b) ☐ Trust or arrangement providing benefits partially through insurance and/or annuity contracts(c) ☐ Trust or arrangement providing benefits exclusively through insurance and/or annuity contracts(d) ☐ Custodial account described in section 401(f) of the Code and not included in (c) above(e) ☐ Other (specify) ▶

(f) If (b) or (c) is checked, enter the number of Schedules A (Form 5500) which are attached. ▶

12 Did any person who rendered services to the plan receive, directly or indirectly, compensation from the plan in the plan year? . . . ☐ Yes ☐ No

If "Yes," furnish the following information:

a. Name	b. Employer identification number (see instructions)	c. Official plan position	d. Relationship to employer, employee organi- zation or person known to be a party-in-interest	e. Gross salary or allowances paid by plan	f. Fees and commissions paid by plan	g. Nature of service code (see instructions)

Form 5500 (1980)

Page 3

13 Plan assets and liabilities at the beginning and the end of the plan year (list all assets and liabilities at current value). A fully insured welfare plan or a pension plan with no trust and which is funded entirely by allocated insurance contracts which fully guarantee the amount of benefit payments should check box and not complete this item ☐

Note: Include all plan assets and liabilities of a trust or separately maintained fund. (If more than one trust/fund, report on a combined basis.) Include all insurance values except for the value of that portion of an allocated insurance contract which fully guarantees the amount of benefit payments. Round off amounts to nearest dollar. Trusts with no assets at the beginning and the end of the plan year enter zero on line 13(h).

Assets		a. Beginning of year	b. End of year
(a) Cash: (i) On hand			
(ii) In bank: (A) Certificates of deposit			
(B) Other interest bearing			
(C) Noninterest bearing			
(iii) Total cash, sum of (i) and (ii)			
(b) Receivables: (i) Employer contributions			
(ii) Employee contributions			
(iii) Other			
(iv) Reserve for doubtful accounts			
(v) Net receivables, sum of (i), (ii) and (iii) minus (iv)			
(c) General investments other than party-in-interest investments:			
(i) U.S. Government securities: (A) Long term			
(B) Short term			
(ii) State and municipal securities			
(iii) Corporate debt instruments: (A) Long term			
(B) Short term			
(iv) Corporate stocks: (A) Preferred			
(B) Common			
(v) Shares of a registered investment company			
(vi) Real estate			
(vii) Mortgages			
(viii) Loans other than mortgages			
(ix) Value of interest in pooled fund(s)			
(x) Other investments			
(xi) Total general investments, sum of (i) through (x)			
(d) Party-in-interest investments:			
(i) Corporate debt instruments			
(ii) Corporate stocks: (A) Preferred			
(B) Common			
(iii) Real estate			
(iv) Mortgages			
(v) Loans other than mortgages			
(vi) Other investments			
(vii) Total party-in-interest investments, sum of (i) through (vi)			
(e) Buildings and other depreciable property			
(f) Value of unallocated insurance contracts (other than pooled separate accounts):			
(i) Separate accounts			
(ii) Other			
(iii) Total, (i) plus (ii)			
(g) Other assets			
(h) Total assets, sum of (a)(iii), (b)(v), (c)(xi), (d)(vii), (e), (f)(iii) and (g)			
Liabilities			
(i) Payables: (i) Plan claims			
(ii) Other payables			
(iii) Total payables, (i) plus (ii)			
(j) Acquisition indebtedness			
(k) Other liabilities			
(l) Total liabilities, sum of (i)(iii), (j) and (k)			
(m) Net assets, (h) less (l)			
(n) During the plan year what were the:			
(i) Total cost of acquisitions for common stock?			
(ii) Total proceeds from dispositions of common stock?			

Form 5500 (1980)

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14 Plan income, expenses and changes in net assets for the plan year:

Note: Include all income and expenses of a trust(s) or separately maintained fund(s) including any payments made for allocated insurance contracts. Round off amounts to nearest dollar.

Income		a. Amount	b. Total
(a) Contributions received or receivable in cash from—			
(i) Employer(s) (including contributions on behalf of self-employed individuals)			
(ii) Employees			
(iii) Others			
(b) Noncash contributions (specify nature and by whom made) ▶			
(c) Total contributions, sum of (a) and (b)			
(d) Earnings from investments—			
(i) Interest			
(ii) Dividends			
(iii) Rents			
(iv) Royalties			
(e) Net realized gain (loss) on sale or exchange of assets—			
(i) Aggregate proceeds			
(ii) Aggregate costs			
(f) Other income (specify) ▶			
(g) Total income, sum of (c) through (f)			
Expenses		a. Amount	b. Total
(h) Distribution of benefits and payments to provide benefits—			
(i) Directly to participants or their beneficiaries			
(ii) To insurance carrier or similar organization for provision of benefits			
(iii) To other organizations or individuals providing welfare benefits			
(i) Interest expense			
(j) Administrative expenses—			
(i) Salaries and allowances			
(ii) Fees and commissions			
(iii) Insurance premiums for Pension Benefit Guaranty Corporation			
(iv) Insurance premiums for fiduciary insurance other than bonding			
(v) Other administrative expenses			
(k) Other expenses (specify) ▶			
(l) Total expenses, sum of (h) through (k)			
(m) Net income (expenses), (g) minus (l)			
(n) Change in net assets—			
(i) Unrealized appreciation (depreciation) of assets			
(ii) Other changes (specify) ▶			
(o) Net increase (decrease) in net assets for the year, (m) plus (n)			
(p) Net assets at beginning of year, line 13(m), column a			
(q) Net assets at end of year, (o) plus (p) (equals line 13(m), column b)			
15 All plans complete (a). Plans funded with insurance policies or annuity contracts also complete (b) and (c):			
(a) Since the end of the plan year covered by the last return/report has there been a termination in the appointment of any trustee, accountant, insurance carrier, enrolled actuary, administrator, investment manager or custodian?		Yes	No
If "Yes," explain and include the name, position, address and telephone number of the person whose appointment has been terminated ▶			
.			
.			
(b) Have any insurance policies or annuities been replaced during this plan year?			
If "Yes," explain the reason for the replacement ▶			
.			
(c) At any time during the plan year was the plan funded with:			
(i) <input type="checkbox"/> Individual policies or annuities, (ii) <input type="checkbox"/> Group policies or annuities, or (iii) <input type="checkbox"/> Both.			

APPENDIX VI

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22 (Continued)(b) The accountant's opinion is ☐ not required or ☐ required, attached to this form, and is—

- (i) ☐ Unqualified
 (ii) ☐ Qualified
 (iii) ☐ Adverse
 (iv) ☐ Other (explain) ▶

23 (a) (i) Is the plan covered under the Pension Benefit Guaranty Corporation terminationinsurance program? ☐ Yes ☐ No ☐ Not determined

(ii) If "Yes," list employer identification number(s) and/or plan number(s) used in any filing with PBGC if the number was different from the numbers listed in item 1(b) or 5(c) ▶

(b) If (a)(i) is "Yes," Or "Not determined," did any events requiring notice to PBGC occur during this plan year? . . .

(c) If (b) is "Yes," indicate which events occurred that required notice to PBGC (see instructions)

Yes	No

If additional space is required for any item, attach additional sheets the same size as this form.

Form 5500-C Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation	Return/Report of Employee Benefit Plan (With fewer than 100 participants) This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 and sections 6057(b) and 6058(a) of the Internal Revenue Code, referred to as the Code.	1980 Amended <input type="checkbox"/> This Form is Open to Public Inspection
For the calendar plan year 1980 or fiscal plan year beginning _____, 1980 and ending _____, 19____.		
Type or print in ink all entries on the form, schedules, and attachments. If an item does not apply enter "N/A". File the originals.		
▶ File this form for 1980 if the last digit of the plan sponsor's employer identification number is 1, 2, or 3. This form should also be filed for the initial plan year and for the final plan year (see instructions).		
▶ Do not file this form for Keogh (H.R. 10) plans with fewer than 100 participants and with at least one owner-employee participant. File Form 5500-K instead.		
▶ Church plans (not electing coverage under section 410(d) of the Code) and governmental plans do not file this form. File Form 5500-G instead.		
▶ Pension benefit plans, unless otherwise excepted, complete all items. Annuity and custodial account arrangements of certain exempt organizations, and individual retirement account trusts of employers complete only items 1 through 6, 9, and 10.		
▶ Certain welfare benefit plans are not required to file this form—see instructions.		
Welfare benefit plans required to file this form do not complete items 7(b), 12, 14 and 24 through 28.		
▶ Plan number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."		
See IRS label. Otherwise, please print or type.	1 (a) Name of plan sponsor (employer if for a single employer plan) Address (number and street) City or town, State and ZIP code	1 (b) Employer identification number _____ 1 (c) Telephone number of sponsor () _____ 1 (d) If plan year changed since last return/report check here ▶ <input type="checkbox"/> 1 (e) Business code number _____
	2 (a) Name of plan administrator (if other than plan sponsor) Address (number and street) City or town, State and ZIP code	2 (b) Administrator's employer identification no. _____ 2 (c) Telephone number of administrator () _____
3 Name, address and identification number of plan sponsor and/or plan administrator as they appeared on the last return/report filed for this plan if not the same as in 1 or 2 above: (a) Sponsor ▶ _____ (b) Administrator ▶ _____		
4 Check appropriate box to indicate the type of plan entity (check only one box): (a) <input type="checkbox"/> Single-employer plan (b) <input type="checkbox"/> Plan of controlled group of corporations or common control employers (c) <input type="checkbox"/> Multiemployer plan (d) <input type="checkbox"/> Multiple-employer-collectively-bargained plan (e) <input type="checkbox"/> Multiple-employer plan (other)		
5 (a) (i) Name of plan ▶ _____ (ii) <input type="checkbox"/> Check if name of plan changed since the last return/report.		5 (b) Effective date of plan _____ 5 (c) Enter three digit plan number ▶ _____
6 Check at least one item in (a) or (b) and applicable items in (c): (a) Welfare benefit plan: (i) <input type="checkbox"/> Health insurance (ii) <input type="checkbox"/> Life insurance (iii) <input type="checkbox"/> Supplemental unemployment (iv) <input type="checkbox"/> Other (specify) ▶ _____		
(b) Pension benefit plan: (i) Defined benefit plan—(Indicate type of defined benefit plan below): (A) <input type="checkbox"/> Fixed benefit (B) <input type="checkbox"/> Unit benefit (C) <input type="checkbox"/> Flat benefit (D) <input type="checkbox"/> Other (specify) ▶ _____ (ii) Defined contribution plan—(Indicate type of defined contribution plan below): (A) <input type="checkbox"/> Profit-sharing (B) <input type="checkbox"/> Stock bonus (C) <input type="checkbox"/> Target benefit (D) <input type="checkbox"/> Other money purchase (E) <input type="checkbox"/> Other (specify) ▶ _____ (iii) <input type="checkbox"/> Defined benefit plan with benefits based partly on balance of separate account of participant (section 414(k) of the Code) (iv) <input type="checkbox"/> Annuity arrangement of a certain exempt organization (section 403(b)(1) of the Code) (v) <input type="checkbox"/> Custodial account for regulated investment company stock (section 403(b)(7) of the Code) (vi) <input type="checkbox"/> Trust treated as an individual retirement account (section 408(c) of the Code) (vii) <input type="checkbox"/> Other (specify) ▶ _____		
(c) Other plan features: (i) <input type="checkbox"/> Thrift-savings (ii) <input type="checkbox"/> Keogh (H.R. 10) plan (iii) <input type="checkbox"/> Pension plans maintained outside the United States (see instructions) (iv) <input type="checkbox"/> Participant-directed account plan		
(d) Single employer plans enter the taxable year end of the employer in which this plan year ends ▶ Month Day Year Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.		
Date ▶ _____ Signature of employer/plan sponsor ▶ _____		
Date ▶ _____ Signature of plan administrator ▶ _____		

Form 5500-C (1980)

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		Yes	No
7 (a) Total participants (i) Beginning of plan year ▶..... (ii) End of plan year ▶.....			
(b) (i) During this plan year or the prior plan year, was any pension benefit plan participant(s) separated from service with a deferred vested benefit for which a Schedule SSA (Form 5500) is required to be attached? . . . ▶			
(ii) If "Yes," enter the number of separated participants required to be reported . . . ▶			
8 Plan amendment information (welfare plans do NOT complete (b)(ii)):			
(a) Were any plan amendments to this plan adopted since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan? . . . ▶			
(b) If "Yes," (i) And if any amendments have resulted in a change in the information contained in a summary plan description or previously furnished summary description of modifications:			
(A) Have summary descriptions of changes been sent to participants? . . . ▶			
(B) Have summary descriptions of the changes been filed with DOL? . . . ▶			
(ii) Does any such amendment result in the reduction of the accrued benefit of any participant under the plan? . . . ▶			
(c) Enter the date the most recent amendment was adopted . . . ▶ Month..... Year.....			
(d) (i) Has a summary plan description been filed with DOL for this plan? . . . ▶			
(ii) If (i) is "Yes," what was the employer identification number and the plan number used to identify it? Employer identification number ▶ Plan number ▶			
9 Plan termination information:			
(a) Was this plan terminated during this plan year or any prior plan year? . . . ▶			
(b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan? . . . ▶			
(c) If item 12(a) is to be checked "Yes," and 9(a) is "Yes," has a notice of intent to terminate been filed with PBGC? . . . ▶			
10 (a) Was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan? . . . ▶			
If "Yes," identify other plan(s): (c) Employer identification number(s) (d) Plan number(s)			
(b) Name of plan(s) ▶			
(e) Has Form 5310 been filed? . . . ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No			
11 Indicate funding arrangement:			
(a) <input type="checkbox"/> Trust (b) <input type="checkbox"/> Fully insured (c) <input type="checkbox"/> Combination (d) <input type="checkbox"/> Other (specify) ▶			
(e) If (b) or (c) is checked enter number of Schedules A (Form 5500) which are attached . . . ▶			
12 (a) (i) Is the plan covered under the Pension Benefit Guaranty Corporation termination insurance program? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not determined			
(ii) If "Yes," or "Not determined," list employer identification number and/or plan number used in any filing with PBGC if the number was different than the numbers listed in item 1(b) or 5(c) ▶			
(b) If (a)(i) is "Yes," or "Not determined," did any events requiring notice to PBGC occur during this plan year? . . . ▶			
(c) If (b) is "Yes," indicate which events occurred that require notice to the PBGC (see instructions) ▶			
13 Complete both (a) and (b):			
(a) Is the plan insured by a fidelity bond? . . . ▶			
(i) If "Yes," enter name of surety company ▶			
(ii) Amount of bond coverage ▶			
(b) Was any loss discovered since the last return/report Form 5500, 5500-C or 5500-K was filed for this plan? . . . ▶			
14 (a) Is this a defined benefit plan subject to the minimum funding standards for this plan year? . . . ▶			
If "Yes," attach Schedule B (Form 5500).			
(b) Is this a defined contribution plan, i.e., money purchase or target benefit, subject to the minimum funding standards (if a waiver was granted see instructions)? . . . ▶			
If "Yes," complete (i), (ii) and (iii) below:			
(i) Amount of employer contribution required for the plan year . . . \$			
(ii) Amount of contribution paid by the employer for the plan year . . . \$			
Enter date of last payment by employer ▶ Month..... Day..... Year.....			
(iii) If (i) is greater than (ii) subtract (ii) from (i) and enter the funding deficiency here. Otherwise enter zero. (If you have a funding deficiency, file Form 5330.) \$			

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15 Plan assets and liabilities at the beginning and the end of the current plan year (list all assets and liabilities at current value). A fully insured welfare plan or a pension plan with no trust and which is funded entirely by allocated insurance contracts which fully guarantee the amount of benefit payments should check the box and not complete this item. . . . ☐

Note: Include all plan assets and liabilities of a trust or separately maintained fund. If more than one trust/fund, report on a combined basis. Include all insurance values except for the value of that portion of an allocated insurance contract which fully guarantees the amount of benefit payments. Round off amounts to nearest dollar. If you have no assets to report enter "-0-" on line 15(g).

Assets		a. Beginning of year	b. End of year
(a) Cash—			
(i) Interest bearing			
(ii) Non-interest bearing			
(b) Receivables			
(c) Investments—			
(i) Government securities			
(ii) Pooled funds/mutual funds			
(iii) Corporate (debt and equity instruments)			
(iv) Real estate and mortgages			
(v) Other			
(d) Buildings and other depreciable property			
(e) Unallocated insurance contracts			
(f) Other assets			
(g) Total assets, sum of (a) through (f)			
Liabilities and Net assets			
(h) Payables			
(i) Acquisition indebtedness			
(j) Other liabilities			
(k) Total liabilities, sum of (h) through (j)			
(l) Net assets, (g) minus (k)			

16 Plan income, expenses and changes in net assets during the plan year. Include all income and expense of a trust(s) or separately maintained fund(s) including any payments made for allocated insurance contracts. Round amounts to nearest dollar.

	a. Amount	b. Total
(a) Contributions received or receivable in cash from—		
(i) Employer(s) (including contributions on behalf of self-employed individuals)		
(ii) Employees		
(iii) Others		
(b) Noncash contributions		
(c) Earnings from investments (interest, dividends, rents, royalties)		
(d) Net realized gain (loss) on sale or exchange of assets		
(e) Other income (specify) ▶		
(f) Total income, sum of (a) through (e)		
(g) Distribution of benefits and payments to provide benefits—		
(i) Directly to participants or their beneficiaries		
(ii) To insurance carrier or similar organization for provision of benefits (including prepaid medical plans)		
(iii) To other organizations or individuals providing welfare benefits		
(h) Interest expense		
(i) Administrative expenses (salaries, fees, commissions, insurance premiums)		
(j) Other expenses (specify) ▶		
(k) Total expenses, sum of (g) through (j)		
(l) Net income, (f) minus (k)		
(m) Changes in net assets—		
(i) Unrealized appreciation (depreciation) of assets		
(ii) Other changes (specify) ▶		
(n) Net increase (decrease) in net assets for the year, (l) plus (m)		
(o) Net assets at beginning of year (line 15(l), column a)		
(p) Net assets at end of year, (n) plus (o) (equals line 15(l), column b)		

17 As of the end of the plan year:	
(a) What percentage of plan assets are loaned to a party-in-interest?	%
(b) What percentage of plan assets are invested in securities issued by a party-in-interest?	%
(c) What percentage of plan assets are invested in real estate which is leased by a party-in-interest?	%

APPENDIX VI

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Form 5500-C (1980)

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24 Is this plan an adoption of a:

- (a) ☐ Master/prototype, (b) ☐ Field prototype, (c) ☐ Pattern, (d) ☐ Model plan, or (e) ☐ Bond purchase plan?
- If "Yes," enter the four or eight digit IRS serial number (see instructions) ▶

Yes No

- 25** (a) Is this plan integrated with social security?
- (b) Is it intended that this plan qualify under section 401 or 405 of the Code?
- (c) If (b) is "Yes," have you received a determination letter from the IRS for this plan?
- (d) Does the employer/sponsor listed in item 1(a) of this form maintain other qualified pension benefit plans?
- If "Yes," list the plan number(s) of the other plans ▶

26 Plans which check item 25(b) "No," do not complete this item.

Employees and participating employees as of the end of the plan year (if a sponsor chooses to complete item (a) and (b) as of a date within the plan year other than the end of the plan year, enter date ▶.....):

- (a) Does the plan satisfy the percentage tests of section 410(b)(1)(A) of the Code (see instructions)?
- If "Yes," complete the total column only for item (b) and complete all columns for item (c).
- If "No," complete all columns for all the items.

(See instructions for exception.)

	A. Officers and shareholders	B. Others	C. Total
(b) (i) Total number of employees			
(ii) Excluded from plan because:			
(A) Collective bargaining agreement			
(B) Other statutory exclusion			
(C) Ineligible (see instructions)			
(D) Total: add (A), (B) and (C)			
(iii) Participating employees subtract (ii)(D) from (i)			
(c) Total number of participants in this plan separated from service without full vesting in:			
(i) The current plan year			
(ii) The preceding plan year		see instructions	
(iii) The second preceding plan year			
(iv) Total: add (i), (ii) and (iii)			

27 Vesting (check only one box to indicate the vesting provisions of the plan):

- (a) Full and immediate vesting or full vesting within 3 years
- (b) No vesting in years 1 through 9 and full vesting after the 10th year of service
- (c) For each year of employment, commencing with the 4th such year, vesting equal to 40% after 4 years of service, 5% additional for the next 2 years, and 10% additional for each of the next 5 years
- (d) 100% vesting within 5 years after contributions are made (class year plan only)
- (e) Other vesting

Check
(✓)

- 28** (a) Did the employer receive plan assets (including a return of contributions) since the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan?
- (b) If a defined benefit plan which provides for annual, automatic increases in the maximum dollar limitations under section 415 of the Code, does the plan provide that any such increase is effective no earlier than the calendar year for which IRS determines that increase under section 415(d) of the Code?
- (c) Is this a plan with Employee Stock Ownership Plan (ESOP) features?
- (i) If "Yes," was a current appraisal of the value of the stock made immediately prior to any contribution of stock or purchase of the stock by the trust for the plan year covered by this return/report?
- (ii) If (i) is "Yes," was the appraisal made by an unrelated third party?
- (iii) If (ii) is "No," was the appraisal made in accordance with the provisions of Revenue Ruling 59-60?

Yes No

AD-A108 435

GENERAL ACCOUNTING OFFICE WASHINGTON DC HUMAN RESOUR--ETC F/G 5/1
BETTER MANAGEMENT OF PRIVATE PENSION PLAN DATA CAN REDUCE COSTS--ETC(U)
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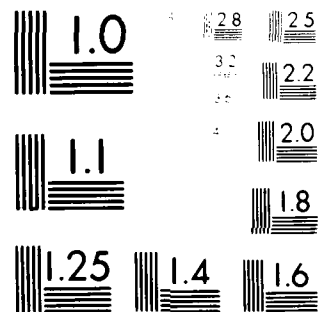
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 NATIONAL BUREAU OF STANDARDS-1963-A

Form **5500-K**

Department of the Treasury
Internal Revenue Service

Department of Labor
Pension and Welfare Benefit Programs
Pension Benefit Guaranty Corporation

Return/Report of Employee Pension Benefit Plan
for Sole Proprietorships and Partnerships

(With fewer than 100 participants and at least one owner-employee)

This form is required to be filed under sections 104 and 4065 of the
Employee Retirement Income Security Act of 1974 (ERISA) and sec-
tions 6057(b) and 6058(a) of the Internal Revenue Code (the Code)

1980

Amended ☐

This Form is Open
to Public Inspection

For calendar plan year 1980 or fiscal plan year beginning _____, 1980, and ending _____, 19

Type or print in ink all entries on the form, schedules, and attachments. If an item does not apply, enter "N/A". File the originals.

Note: Partnerships with Keogh (H.R. 10) plans that do not have an owner-employee participant must file Form 5500 or 5500-C.

File this form for 1980 if the last digit of the plan sponsor's employer identification number is 1, 2, or 3. This form should also be filed for the first plan year and for the plan year for which a final return/report should be filed. (See instructions)

File one Form 5500-K for each plan you have in which an owner-employee is a participant.

Plans in which an owner-employee(s) (sole proprietor or partners) is the only participant, see instructions.

Plans in which the owner-employee(s) (sole proprietor or partners) and spouse are the only participants need to complete only items 1 through 11(d), 13, 14(a), 18, 19 and 20 of this form.

Plan Number—Your 3 digit plan number must be entered in item 5(c); see instruction 5(c) for explanation of "plan number."

1 (a) Name of plan sponsor (employer if single employer plan)

Address (number and street)

City or town, State and ZIP code

1 (b) Employer identification number

1 (c) Telephone number of sponsor

1 (d) If plan year changed since last return/report check here ☐

2 (a) Name of plan administrator (if other than plan sponsor)

Address (number and street)

City or town, State and ZIP code

1 (e) Business code number

2 (b) Administrator's employer identification no.

2 (c) Telephone number of administrator

3 Name, address and identification number of plan sponsor and/or plan administrator as they appear on the last return/report filed for this plan, if not the same as in 1 or 2 above: (a) Sponsor

(b) Administrator

4 Check appropriate box to indicate the type of plan entity (check only one box):

(a) ☐ Single-employer

(b) ☐ Other (specify)

5 (a) (i) Name of plan

(ii) ☐ Check if name of plan changed since the last return/report

(b) Effective date of plan

(c) Enter three digit plan number

6 Type of plan (check applicable box(es)):

(a) ☐ Defined benefit (pension plan)

(b) ☐ Money purchase

(c) ☐ Profit-sharing

(d) ☐ Participant-directed account plan

7 (a) Participants employed and active participants at the end of plan year:

(i) Self-employed (including owner-employees)

(ii) Other participants (include participating spouse of self-employed, if applicable)

(iii) Total (add lines 7(a)(i) and (ii))

(b) Total participants (see specific instruction 7(b)): (i) At the beginning of the plan year

(ii) At the end of the plan year

(c) Total employees other than self-employed

(d) (i) During this plan year or the prior plan year, was any participant(s) separated from service with a deferred vested benefit for which a Schedule SSA (Form 5500) is required to be filed with this Form 5500-K?

(ii) If "Yes," enter the number of separated participants required to be reported

8 (a) Were any plan amendments to this plan adopted since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan?

(b) (i) Has a summary plan description been filed with DOL for this plan?

(ii) If (i) is "Yes," what was the employer identification number and the plan number used to identify it?

9 Termination information: (a) Was this plan terminated during this plan year or any prior plan year?

(b) If "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan?

(c) If item 12(a) is to be checked "Yes," and 9(a) is "Yes," has a notice of intent to terminate been filed with PBGC?

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Date Signature of employer/plan sponsor

Date Signature of plan administrator

Form 5500-K (1990)

Page 2

A Plans in which an owner-employee(s) (sole proprietor or partner) and spouse are the only participants—On pages 2 and 3 complete only 10, 11(e) through (d), 13, 14(a), 18, 19 and 20; and, check this box ☐

- 10 (a) Was this plan merged or consolidated into another plan or were assets or liabilities transferred to another plan since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan? ☐ Yes ☐ No

If "Yes," enter information about other plan(s):

(c) Employer identification number(s) (d) Plan number(s)

(b) Name of plan(s) ☐

(e) Has Form 5310 been filed? ☐ Yes ☐ No

11 Indicate funding arrangement:

(a) ☐ Trust (b) ☐ Fully insured (c) ☐ Combination

(d) ☐ Other (specify) ☐

(e) If (b) or (c) is checked enter number of Schedules A (Form 5500) which are attached ☐

- 12 (a) (i) Is the plan covered under the Pension Benefit Guaranty Corporation termination insurance program? ☐ Yes ☐ No ☐ Not Determined

(ii) If "Yes," or "Not determined," list employer identification number and/or plan number used in any filing with PBGC if the number was different than the numbers listed in item 1(b) or 5(c) ☐

Yes No

(b) If (a)(i) is "Yes," or "Not determined," did any events requiring notice to PBGC occur during this plan year? ☐

(c) If (b) is "Yes," indicate which events occurred that required notice to the PBGC (see instructions) ☐

13 Please furnish the following financial information for the plan (round off amounts to nearest dollar):

(a) Net assets (current value) at beginning of plan year ☐
 (b) Contributions by employer and employees for the plan year ☐
 (c) Plan's income for the plan year ☐
 (d) Expenditures for the plan year ☐
 (e) Distributions made for the plan year ☐
 (f) Other changes in net assets ☐
 (g) Net assets (current value) at end of the plan year ☐

14 Since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K which was filed for this plan:

Yes No

(a) Other than transactions described in the exceptions outlined in the instructions were there any transactions, directly or indirectly, between the plan and a party-in-interest? ☐
 If "Yes," see specific instructions.

(b) Has the plan granted an extension on any loan for which prior to the granting of an extension, it has not received all the principal and interest payments due under the terms of the loan? ☐

(c) Has the plan granted an extension of time or renewal for payment of any obligations owed to it which amounts to more than 10% of plan assets? ☐

15 Since the end of the plan year covered by the last return/report Form 5500, 5500-C or 5500-K was filed for this plan:

(a) Has there been a termination in the appointment of any trustee, accountant, insurance carrier, enrolled actuary, administrator, investment manager or custodian? ☐
 If "Yes," attach an explanation including the name, address and telephone number of the person whose appointment has been terminated.

(b) Has the plan used the services of a contract administrator? ☐
 If "Yes," enter the contract administrator's name and employer identification number (see instructions) ☐

(c) Indicate the amount of the plan's administrative expense for the:

(i) Current year ☐
 (ii) Preceding year ☐
 (iii) Second preceding year ☐

(d) Have any insurance policies or annuities been replaced? ☐

(e) Was the plan funded with:

(i) ☐ Individual policies or annuities
 (ii) ☐ Group policies or annuities
 (iii) ☐ Both

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Form 5500-R Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation		Registration Statement of Employee Benefit Plan (With fewer than 100 participants) This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 and section 5058 of the Internal Revenue Code, referred to as the Code.		1980 Amended <input type="checkbox"/> This Form is Open to Public Inspection	
For the calendar plan year 1980 or fiscal plan year beginning		1980, and ending		19	
File this form for the plan years that Form 5500-C or Form 5500-K is not required to be filed. (See instruction B.)					
Type or complete this form in ink, and file the original.					
If any item does not apply, enter "N/A."					
Use IRS label. Otherwise, please print or type.	1 (a) Name of plan sponsor (employer if for a single employer plan)		1 (b) Employer identification number		
	Address (number and street)		1 (c) Sponsor's telephone number		
	City or town, State and ZIP code		1 (d) This form is filed instead of <input type="checkbox"/> 5500-C <input type="checkbox"/> 5500-K		
	2 (a) Name of plan administrator (if other than plan sponsor)		1 (e) If plan year changed since latest return/report check here <input type="checkbox"/>		
	Address (number and street)		2 (b) Administrator's employer identification no.		
	City or town, State and ZIP code		2 (c) Administrator's telephone number		
3 Name, address, and employer identification number of plan sponsor and/or plan administrator as shown on the latest return/report filed for this plan, if different from 1 or 2 above: (a) Sponsor					
(b) Administrator					
4 (a) Name of plan			4 (b) Effective date of plan		
			4 (c) Enter three digit plan number		
5 Type of plan:					
(a) <input type="checkbox"/> Defined benefit					
(b) <input type="checkbox"/> Defined contribution					
(c) <input type="checkbox"/> Welfare benefit					
(d) <input type="checkbox"/> Other (specify)					
6 Plan information:					
(a) Was this plan terminated during this plan year or any prior plan year?				Yes	No
(b) If (a) is "Yes," were all trust assets distributed to participants or beneficiaries or transferred to another plan?					
(c) Was this plan amended during this plan year to reduce any participant's accrued benefits?					
(d) If this is a defined benefit plan or a defined contribution plan subject to the minimum funding standards, has the plan experienced a funding deficiency for this plan year (defined benefit plans attach Schedule B (Form 5500))?					
(e) If (d) is "Yes," have you filed Form 5330 to pay the excise tax?					
(f) Is this plan covered under the Pension Benefit Guaranty Corporation termination insurance program?				<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not determined
(g) (i) If (f) is "Yes," or "Not determined," did any event requiring notice to the Pension Benefit Guaranty Corporation occur during this plan year?					
(ii) If "Yes," indicate which event(s) (see instructions).					
(h) Total participants:					
(i) Beginning of plan year					
(ii) End of plan year					
(i) If plan benefits were provided by an insurance company, insurance service or similar organization, enter the number of Schedules A (Form 5500) attached					
(ii) During this plan year or the prior plan year, was any participant(s) separated from service with a deferred vested benefit for which a Schedule SSA (Form 5500) is required to be attached?					
(iii) If "Yes," enter the number of separated participants required to be reported					
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete.					
Date		Signature of employer/plan sponsor			
Date		Signature of plan administrator			

Form 990-B (1999)

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7 Fiduciary information during this plan year:

	Yes	No
(a) Did any plan fiduciary who is an officer or employee of the plan sponsor receive compensation from the plan for his or her services to the plan?		
(b) Did the plan acquire any qualifying employer security or qualifying employer real property, when immediately after such acquisition the aggregate fair market value of employer securities and employer real property held by the plan exceeded 10% of the fair market value of the plan assets?		
(c) Did the plan receive any non-cash contributions?		
(d) Has any plan fiduciary had either a financial interest worth more than \$1,000 in any party providing services to the plan or received anything of value from any party providing services to the plan?		
(e) Has any employer owed the plan contributions which were more than three months past due under the terms of the plan?		
(f) Were any loans the plan made or fixed income obligations due the plan in default as of the end of the plan year or classified as uncollectable?		
(g) Were any leases to which the plan was a party in default or classified as uncollectable?		
(h) Party-in-interest information:		
(i) Did the plan lend assets to, borrow from, or guarantee any indebtedness of a party-in-interest?		
(ii) Has the plan purchased any assets from or sold any assets to a party-in-interest?		
(iii) Has the plan leased property to or from a party-in-interest?		

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Pension and Welfare Benefit Programs Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974. ▶ File as an Attachment to Forms 5500, 5500-C, 5500-K or 5500-R	1980 This Form is Open to Public Inspection
For fiscal plan year beginning _____, 1980 and ending _____, 19____		
▶ Part I must be completed for all plans required to file this schedule. ▶ Please complete all applicable items on this Form. ▶ Part II must be completed for all insured pension plans. If an item does not apply, enter "N/A". ▶ Part III must be completed for all insured welfare plans. ▶ Round off money amounts to nearest dollar.		
Name of plan sponsor as shown on line 1(a) of Form 5500, 5500-C, 5500-K or 5500-R		Employer identification number
Name of plan		Enter three digit plan number ▶
Part II Summary of All Insurance Contracts Included in Parts II and III Group all contracts in the same manner as in Parts II and III.		
1 Check appropriate box: (a) <input type="checkbox"/> Welfare plan (b) <input type="checkbox"/> Pension plan (c) <input type="checkbox"/> Combination pension and welfare plan		
2 Coverage:		
(a) Name of insurance carrier	(b) Contract number or identification	(c) Approximate number of persons covered at end of policy or contract year (d) Policy or contract year (e) From (f) To
3 Insurance fees and commissions paid to agents and brokers:		
(a) Contract or identification number	(b) Name and address of the agents or brokers to whom commissions or fees were paid	(c) Amount of commissions paid (d) Fees paid Amount Purpose
Total		
4 Premiums due and unpaid at end of the plan year ▶ \$ _____, contract number, or identification ▶		
Part III Insured Pension Plans —Provide information for each contract on a separate Part III. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.		
▶ Contract number or identification ▶		
5 Contracts with allocated funds, for example, individual policies or group deferred annuity contracts:		
(a) State the basis of premium rates ▶		
(b) Total premiums paid to carrier		
(c) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 3 above, enter amount		
Specify nature of costs ▶		
6 Contracts with unallocated funds, for example, deposit administration or immediate participation guarantee contracts. Do not include portions of these contracts maintained in separate accounts:		
(a) Balance at end of previous policy year		
(b) Additions: (i) Contributions deposited during year		
(ii) Dividends and credits		
(iii) Interest credited during year		
(iv) Transferred from separate account		
(v) Other (specify) ▶		
(vi) Total additions		
(c) Total of balance and additions, (a) plus (b)(vi)		
(d) Deductions: (i) Disbursed from fund to pay benefits or purchase annuities during year		
(ii) Administration charge made by carrier		
(iii) Transferred to separate account		
(iv) Other (specify) ▶		
(v) Total deductions		
(e) Balance at end of current policy year, (c) less (d)(v)		
7 Separate accounts: Current value of plan's interest in separate accounts at year end		

Schedule A (Form 5500) 1980

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Part III Insured Welfare Plans

Provide information for each contract on a separate Part III. If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

(a) Contract or identification number	(b) Type of benefit	(c) List gross premium for each contract	(d) Premium rate or subscription charge
9 Experience rated contracts:			
(a) Premiums:		(i) Amount received	
(ii) Increase (decrease) in amount due but unpaid			
(iii) Increase (decrease) in unearned premium reserve			
(iv) Premiums earned, (i) plus (ii), minus (iii)			
(b) Benefit charges:		(i) Claims paid	
(ii) Increase (decrease) in claim reserves			
(iii) Incurred claims, (i) plus (ii)			
(iv) Claims charged			
(c) Remainder of premium:		(i) Retention charges (on an accrual basis)—(A) Commissions	
(B) Administrative service or other fees			
(C) Other specific acquisition costs			
(D) Other expenses			
(E) Taxes			
(F) Charges for risks or contingencies			
(G) Other retention charges			
(H) Total retention			
(ii) Dividends or retroactive rate refunds. (Such amounts were <input type="checkbox"/> paid in cash or <input type="checkbox"/> credited.)			
(d) Status of policyholder reserves at end of year: (i) Amount held to provide benefits after retirement			
(ii) Claim reserves			
(iii) Other reserves			
(e) Dividends or retroactive rate refunds due (do not include amount entered in (c)(ii))			
10 Non experience rated contracts:			
(a) Total premiums or subscription charges paid to carrier			
(b) If the carrier, service or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in 3 above, report amount			
Specify nature of costs ▶			

If additional space is required for any item, attach additional sheets the same size as this form.

General Instructions

This schedule must be attached to Form 5500, 5500-C, 5500-K or 5500-R for every defined benefit, defined contribution and welfare benefit plan where any benefits under the plan are provided by an insurance company, insurance service or other similar organization.

Exception.—An employee benefit plan which covers only an individual or an individual and his or her spouse and the individual or the individual and his or her spouse wholly owns a trade or business, whether incorporated or unincorporated, need not file Schedule A. An employee benefit plan which covers only partners or covers only partners and their spouses need not file Schedule A.

Specific Instructions

(References are to the line items on the form.)

Include only contracts with policy or contract years ending with or within the plan year. Data on Schedule A should be reported only for such policy or contract years. **Exception:** If the insurance company maintains records on the basis of a plan year rather than policy or contract year,

data on Schedule A (Form 5500) may be reported for the plan year.

Include only the contracts issued to the plan for which this return/report is being filed.

2(c).—Since the plan coverage may fluctuate during the year, the number of persons entered should be that which the administrator determines will most reasonably reflect the number covered by the plan at the end of the policy or contract year.

Where contracts covering individual employees are grouped, entries should be determined as of the end of the plan year.

2(d) and (e).—Enter the beginning and ending dates of the policy year for each contract listed under column (b). Where separate contracts covering individual employees are grouped, enter "N/A" in column (d).

3.—All sales commissions are to be reported in column (c) regardless of the identity of the recipient. Override commissions, salaries, bonuses, etc., paid to a general agent or manager for managing an agency, or for performing other administrative functions, are not to be reported. Fees to be reported in column (d) represent pay-

ments by insurance carriers to agents and brokers for items other than commissions (e.g., service fees, consulting fees and finders fees). Fees paid by insurance carriers to persons other than agents and brokers should be reported in Parts II and III on Schedule A (Form 5500) as acquisition costs, administrative charges, etc., as appropriate. For plans with 100 or more participants, fees paid by employee benefit plans to agents, brokers and other persons are to be reported in Item 12, Form 5500.

5(a).—The rate information called for here may be furnished by attachment of appropriate schedules of current rates filed with appropriate state insurance departments or by a statement as to the basis of the rates.

6.—Show deposit fund amounts rather than experience credit records when both are maintained.

8(d).—The rate information called for here may be furnished by attachment of appropriate schedules of current rates or by a statement as to the basis of the rates.

9(b)(iv).—The amount in 9(b)(iii) will not necessarily agree with the amount in 9(b)(iv).

SCHEDULE B
(Form 5500)

Department of the Treasury
Internal Revenue Service
Department of Labor
Pension and Welfare Benefit Programs
Pension Benefit Guaranty Corporation

Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974, referred to as ERISA, and section 6059(a) of the Internal Revenue Code, referred to as the Code.

▶ Attach to Forms 5500, 5500-C, 5500-K or 5500-R if applicable.

1980

**This Form is
Open to Public
Inspection**

For fiscal plan year beginning _____, 1980 and ending _____

► Please complete every item on this form. If an item does not apply, enter "N/A."

- ▶ Round off amounts to nearest dollar.

Name of plan sponsor as shown on line 1(a) of Form 5500, 5500-C, 5500-K or 5500-R

Employer identification number

Name of plan

Enter three
digit plan
number in

22

22

- | | | | |
|---|---|--------------------------|--------------------------|
| 1 | Has a waiver of a funding deficiency for the current plan year been approved by the IRS? | <input type="checkbox"/> | <input type="checkbox"/> |
| | If "Yes," attach a copy of the IRS approval letter. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Is a waived funding deficiency of a prior plan year being amortized in the current year? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Have any of the periods of amortization for charges described in section 412(b)(2)(B) of the Code been extended by IRS? | <input type="checkbox"/> | <input type="checkbox"/> |
| | If "Yes," attach a copy of the IRS approval letter. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | (a) Has the shortfall funding method been used? | <input type="checkbox"/> | <input type="checkbox"/> |
| | (b) (i) If (a) is "Yes," has the deferral of the amortization of the shortfall gain (loss), beyond the plan year following the year in which the shortfall gain (loss) arose, been elected? | <input type="checkbox"/> | <input type="checkbox"/> |
| | (ii) If (a) is "Yes," has the deferral of the amortization of the actuarial gain (loss), beyond the first plan year after valuation, been elected? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Has a change in funding method for the current plan year been made? | <input type="checkbox"/> | <input type="checkbox"/> |
| | If "Yes," attach a copy of the IRS approval letter. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Operational information: | | |
| | (a) Enter most recent actuarial valuation date ► | | |
| | (b) Enter date(s) and amount of contributions received this plan year for prior plan years and not previously reported: | | |
| | Date(s) ► | Amount ► | |
| | (c) Current value of the assets accumulated in the plan as of the beginning of the plan year | | |
| | (d) Present value of vested benefits as of the beginning of plan year: | | |
| | (i) For retired participants and beneficiaries receiving payments | | |
| | (ii) For other participants | | |
| | (iii) Total | | |
| | (e) Present value of nonvested accrued benefits as of the beginning of the plan year | | |
| | (f) Number of persons covered (included in the most recent actuarial valuation): | | |
| | (i) Active participants | | |
| | (ii) Terminated participants with vested benefits | | |
| | (iii) Retired participants and beneficiaries of deceased participants | | |

7 Contributions made to the plan for the plan year by employer(s) and employees:

[illegible]

Statement by Enrolled Actuary (see instructions before signing):

To the best of my knowledge, the information supplied in this schedule and on the accompanying statement, if any, is complete and accurate, and in my opinion the assumptions used in the aggregate (a) are reasonably related to the experience of the plan and to reasonable expectations, and (b) represent my best estimate of anticipated experience under the plan.

Signature of actuary

Qwen

Print or type name of actuary

Enrollment number

Address

*Telephone number (including area code)

Schedule B (Form 5500) 1980

Page 2

8 Funding standard account and other information:

- (a) Accrued liabilities as determined for funding standard account as of (enter date) ▶
- (b) Value of assets as determined for funding standard account as of (enter date) ▶
- (c) (i) Actuarial gains or (losses) for period ending ▶
- (ii) Shortfall gains or (losses) for period ending ▶
- (d) Accumulated funding deficiency at end of plan year (amount of contribution certified by the actuary as necessary to reduce the funding deficiency to zero), from 9(m) or 10(g)

9 Funding standard account statement for plan year ending ▶**Charges to funding standard account:**

- (a) Prior year funding deficiency, if any
- (b) Employer's normal cost for plan year
- (c) Amortization charges (outstanding balance at the beginning of the plan year ▶ \$)
- (d) Interest on (a), (b) and (c)
- (e) Total charge, sum of (a) through (d)

Credits to funding standard account:

- (f) Prior year credit balance, if any
- (g) (i) Employer contributions (total from column (b) of item 7)
- (ii) Employer contributions received this plan year for prior plan years and not previously reported
- (h) Amortization credits (outstanding balance at beginning of plan year ▶ \$)
- (i) Interest on (f), (g) and (h)
- (j) Other (specify) ▶
- (k) Total credits, sum of (f) through (j)

Balance:

- (l) Credit balance, excess, if any, of (k) over (e)
- (m) Funding deficiency, excess, if any, of (e) over (k)

10 Alternative minimum funding standard account (omit if not used):

- (a) Was the entry age normal cost method used to determine entries in item 9 above? ☐ Yes ☐ No
- If "No," omit (b) through (g) below.
- (b) Normal cost
- (c) Excess, if any, of value of accrued benefits over market value of assets
- (d) Interest on (b) and (c)
- (e) Employer contributions (total from column (b) of item 7)
- (f) Interest on (e)
- (g) Funding deficiency, excess, if any, of the sum of (b) through (d) over the sum of (e) and (f)

11 Checklist of actuarial cost methods:

- (a) ☐ Attained age normal (b) ☐ Entry age normal (c) ☐ Accrued benefit (unit credit)
- (d) ☐ Aggregate (e) ☐ Frozen initial liability (f) ☐ Individual level premium
- (g) ☐ Other (specify) ▶

12 Checklist of certain actuarial assumptions:

- | | A Used for item 6(d) and (e)—
value of accrued benefits | | | | B Used for item 8, 9 or 10—
funding standard account | | | |
|--|--|-----------------------------|------------------------------|-----------------------------|---|-----------------------------|------------------------------|-----------------------------|
| | Pre-retirement | | Post-retirement | | Pre-retirement | | Post-retirement | |
| | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| (a) Rates specified in insurance or annuity contracts | | | | | | | | |
| (b) Mortality table code: | | | | | | | | |
| (i) Males | | | | | | | | |
| (ii) Females | | | | | | | | |
| (c) Interest rate | | % | | % | | % | | % |
| (d) Retirement age | | % | | % | | % | | % |
| (e) Expense loading | | % | | % | | % | | % |
| (f) Annual withdrawal rate: | | | | | | | | |
| (i) Age 25 | % | % | | | % | % | | |
| (ii) Age 40 | % | % | | | % | % | | |
| (iii) Age 55 | % | % | | | % | % | | |
| (g) Ratio of salary at normal retirement to salary at: | | | | | | | | |
| (i) Age 25 | | | | | % | % | | |
| (ii) Age 40 | | | | | % | % | | |
| (iii) Age 55 | | | | | % | % | | |
| (h) Is a statement of actuarial assumptions, actuarial funding method, etc., attached? | <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | |

PLAN DESCRIPTION AND SUMMARY PLAN DESCRIPTIONINFORMATION REQUIREMENTSPlan Description and Summary Plan Description Information
Required by ERISA

Section 102(b) of ERISA requires plan descriptions and summary plan descriptions to contain the following information:

"* * * The name and type of administration of the plan; the name and address of the person designated as agent for the service of legal process, if such person is not the administrator; the name and address of the administrator; names, titles and addresses of any trustee or trustees (if they are persons different from the administrator); a description of the relevant provisions of any applicable collective bargaining agreement; the plan's requirements respecting eligibility for participation and benefits; a description of the provisions providing for nonforfeitable pension benefits; circumstances which may result in disqualification, ineligibility, or denial or loss of benefits; the source of financing of the plan and the identity of any organization through which benefits are provided; the date of the end of the plan year and whether the records of the plan are kept on a calendar, policy, or fiscal year basis; the procedures to be followed in presenting claims for benefits under the plan and the remedies available under the plan for the redress of claims which are denied in whole or in part (including procedures required under section 503 of this Act).

APPENDIX VII

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FORM ESS 1 (2-76)

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9 Check at least one item in (a) or (b) and applicable items in (c)(a) ☐ Welfare benefit plan

(b) Pension benefit plan

(i) Defined benefit plan—(Indicate type of defined benefit plan below)

(A) ☐ Fixed benefit (B) ☐ Unit benefit (C) ☐ Flat benefit (D) ☐ Other (specify) _____

(ii) Defined contribution plan—(Indicate type of defined contribution plan below)

(A) ☐ Profit-sharing (B) ☐ Stock bonus (C) ☐ Target benefit (D) ☐ Other money purchase(E) ☐ Other (specify) _____(iii) ☐ Defined benefit plan with benefits based partly on balance of separate account of participant (section 414 of the Code)(iv) ☐ Annuity arrangement of a certain exempt organization or a governmental unit (section 403(b) of the Code)(v) ☐ Custodial account for regulated investment company stock (section 403(b)(7) of the Code)(vi) ☐ Trust treated as an individual retirement account (section 408(c) of the Code)(vii) ☐ Employee stock ownership plan not part of a qualified plan (section 301(d) of the Tax Reduction Act of 1975)(viii) ☐ Other (specify) _____

(c) Other plan features

(i) ☐ Thrift-savings (ii) ☐ Keogh (H.R. 10) plan(iii) ☐ Employee stock ownership as part of a qualified plan (check only if you checked a box in (b)(iii) above)**10 Is the plan administrator designated as agent for the service of legal process?** ☐ Yes ☐ No

If "No," enter the person designated _____

Name _____

Business address (Number and street) _____

City, town or post office, State and ZIP code _____

11 Indicate the persons who perform functions for the plan. Mark X in all applicable boxes

Function	Persons Performing Function				
	Plan Sponsor (1)	Plan Administrator (2)	Trustee (3)	Insurance Carrier (4)	Other (Specify) (5)
(a) Receives and/or deposits contributions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Maintains records of plan participants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Authorizes payment of plan administrative expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Pays plan administrative expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) Determines investment policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Invests plan assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Selects insurance carrier or service organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) Selects corporate trustee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i) Receives claims for benefits under the plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(j) Determines eligibility of claimant for receipt of benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(k) Determines benefit amount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(l) Makes determination on appeal of claim denials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(m) Authorizes payment of benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(n) Makes payments of benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOTE: Information furnished above will not be determinative as to whether a party is a fiduciary to a plan

12 Is this a plan established or maintained pursuant to one or more collective bargaining agreements? ☐ Yes ☐ No**DO NOT SUBMIT COPIES OF COLLECTIVE BARGAINING AGREEMENTS****13 Mark X in the appropriate box(es) which indicate the type of document(s) establishing or affecting the plan. DO NOT SUBMIT COPIES OF PLAN DOCUMENTS**(a) ☐ Plan(c) ☐ Regulations and rules(b) ☐ Trust(d) ☐ Contracts (other than collective bargaining agreements)**14 This plan includes as participants (mark X in all applicable boxes):**(a) ☐ All types of employees(d) ☐ Employees covered by collective bargaining(b) ☐ Hourly employees(e) ☐ Employees not covered by collective bargaining(c) ☐ Salaried employees(f) ☐ Other (specify) _____

FORM ESS 1 (2-76)

Page 3

15 Indicate sources and methods of determining contributions to the plan (mark X in all applicable boxes)

- Employer's Contribution**
- (a) ☐ Fixed rate
- (i) ☐ Per hour
- (ii) ☐ Per day
- (iii) ☐ Per week
- (iv) ☐ Per month
- (v) ☐ Per annum
- (b) ☐ Based on profits . . . Formula
- (c) ☐ Based on profits . . . Discretionary
- (d) ☐ Percentage of payroll
- (e) ☐ Actuarial rate of determination
- (f) ☐ None
- (g) ☐ Other (specify) _____

- Employee's Contribution**
- (h) ☐ Voluntary
- ☐ Mandatory
- (i) ☐ Fixed rate
- (ii) ☐ Per hour
- (iii) ☐ Per day
- (iv) ☐ Per week
- (v) ☐ Per month
- (vi) ☐ Per annum
- (j) ☐ Percentage of compensation
- (k) ☐ Part of dues to union
- (l) ☐ Assessment by union
- (m) ☐ None
- (n) ☐ Other (specify) _____

16 Indicate the method used for the accumulation of assets and for disbursement of benefits (mark X in all applicable items)

Type of funding entity	Accumulation of Assets (1)	Disbursement of Benefits (2)
(a) Trust (benefits provided in whole from trust funds)	<input type="checkbox"/>	<input type="checkbox"/>
(b) Trust or arrangement providing benefits partially through insurance and/or annuity contracts	<input type="checkbox"/>	<input type="checkbox"/>
(c) Trust or arrangement providing benefits exclusively through insurance and/or annuity contracts	<input type="checkbox"/>	<input type="checkbox"/>
(d) Custodial account described in section 401 (f) of the Code and not included in (c) above	<input type="checkbox"/>	<input type="checkbox"/>
(e) Other (specify) _____	<input type="checkbox"/>	<input type="checkbox"/>

17 Indicate procedure for presenting claims for benefits and review of claims which are denied (mark X in all applicable boxes)

- (a) Does the plan provide a procedure for presenting initial claims for benefits? ☐ Yes ☐ No
- (b) Does the claimant have to initiate action for review of claims which have been denied? ☐ Yes ☐ No
- (c) Indicate by marking X in the applicable boxes, the plan official or other person who makes decisions on claims and the plan official or other person who makes determinations on appeals of claims denied in whole or in part

	Claims (1)	Appeals of Claims Denied (2)
(i) Administrator	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Board of Trustees	<input type="checkbox"/>	<input type="checkbox"/>
(iii) Employer	<input type="checkbox"/>	<input type="checkbox"/>
(iv) Insurance Company	<input type="checkbox"/>	<input type="checkbox"/>
(v) Other (specify) _____	<input type="checkbox"/>	<input type="checkbox"/>
(vi) None	<input type="checkbox"/>	<input type="checkbox"/>

- (d) Does the plan provide for independent arbitration of claim denials? ☐ Yes ☐ No
- (e) If the benefits under the plan are collectively bargained, is there provision for binding arbitration of claims? ☐ Yes ☐ No

PART II PLANS WITH PENSION PROVISIONS

18 Indicate the general eligibility requirements for participation under the plan

- (a) Age _____ Service _____ or Age _____ Service _____
Number of years Number of years
- (b) Maximum age (after which employees are not admitted) (specify) _____
- (c) Other (specify) _____

APPENDIX VII

APPENDIX VII

FORM 886-1 (2-78)

Page 4

19 Indicate the general vesting provisions of the plan for employer contributions.

(a) Vesting Schedule

- (i) ☐ Full (100%) and immediate
- (ii) ☐ Full (100%) vesting after 3 years of service
- (iii) ☐ Full (100%) vesting at 10 years of service
- (iv) ☐ Rule of 45: (5 years of service and where the sum of the participant's age and years of service equal or exceed 45)
- (v) ☐ 25% vesting after 5 years, 5% additional for each of the next 5 years, and 10% additional for each of the next 5 years
- (vi) ☐ Full (100%) vesting within 5 years after contributions are made (Class Year Plan Only)
- (vii) ☐ For each year of employment, commencing with the 4th such year, vesting not less than 40% after 4 years of service, 5% additional for each of the next 2 years, and 10% additional for each of the next 5 years
- (viii) ☐ Other (describe) _____

(b) Check if you exclude the following years of service under the vesting provisions of the plan.

- (i) ☐ Years of service before age 22
- (ii) ☐ Years of service for period during which the employee declined to contribute to plan requiring employee contributions
- (iii) ☐ Years of service during which the employer did not maintain the plan or a predecessor plan

20 Does the plan have any features of portability or reciprocity with:

- (a) Employer(s) participating under the plan? ☐ Yes ☐ No
- (b) Employer(s) not participating under the plan? ☐ Yes ☐ No

21 Indicate how length of service is determined for participation, vesting and full benefit accrual

(a) Mark X in the appropriate boxes to indicate the computation period

- | <u>Participation</u> | | <u>Vesting</u> | <u>Full Benefit Accrual</u> |
|---|--|---|-----------------------------|
| (i) <input type="checkbox"/> Employment commencement date | (iii) <input type="checkbox"/> Calendar year | (vi) <input type="checkbox"/> Calendar year | |
| (ii) <input type="checkbox"/> Other (specify) _____ | (iv) <input type="checkbox"/> Plan year | (vii) <input type="checkbox"/> Plan year | |
| | (v) <input type="checkbox"/> Other (specify) _____ | (viii) <input type="checkbox"/> Other (specify) _____ | |
| | | (ix) <input type="checkbox"/> Not applicable | |

(b) Indicate hours required for one year of service for purposes of participation, vesting and full benefit accrual:

- | <u>Participation</u> | <u>Vesting</u> | <u>Full Benefit Accrual</u> |
|----------------------|----------------|-----------------------------|
| _____ (Hours) | _____ (Hours) | _____ (Hours) |

(c) Mark X in the appropriate boxes to indicate whether employees are credited for hours:

- | | <u>Participation</u>
(1) | <u>Vesting</u>
(2) | <u>Full Benefit Accrual</u>
(3) |
|-------------------------------|-----------------------------|--------------------------|------------------------------------|
| (i) Actually worked | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) Sickness | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) Vacation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (iv) Disability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (v) Layoff | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (vi) Other _____ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

22 Does the plan contain break in service rules?☐ Yes ☐ No

(a) Mark X in the appropriate boxes to indicate the computation period for a break in service:

- | <u>Participation</u> | | <u>Vesting</u> |
|---|---|----------------|
| (i) <input type="checkbox"/> Employment commencement date | (iv) <input type="checkbox"/> Calendar year | |
| (ii) <input type="checkbox"/> Plan year | (v) <input type="checkbox"/> Plan year | |
| (iii) <input type="checkbox"/> Other (specify) _____ | (vi) <input type="checkbox"/> Other (specify) _____ | |

(b) Indicate the minimum number of hours needed to avoid a break in service:

- | <u>Participation</u> | <u>Vesting</u> | <u>Full Benefit Accrual</u> |
|----------------------|----------------|-----------------------------|
| _____ (Hours) | _____ (Hours) | _____ (Hours) |

APPENDIX VII

APPENDIX VII

FORM 555-1 (2-78)

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23. Mark X in all applicable boxes for which the plan provides benefits and mark X or otherwise complete the information indicating the requirements for attaining the benefits provided.

Type of Benefit	Requirements for Benefits				
	No age or Service (1)	Age Only (2)	Service Only (3)	Combination Age and Service (4)	Other (5)
(a) <input type="checkbox"/> Normal Retirement	<input type="checkbox"/>	_____ Yrs	_____ Yrs	_____ Yrs _____ Yrs	<input type="checkbox"/>
(b) <input type="checkbox"/> Early Retirement	<input type="checkbox"/>	_____ Yrs	_____ Yrs	_____ Yrs _____ Yrs	<input type="checkbox"/>
(c) <input type="checkbox"/> Deferred Vested	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) <input type="checkbox"/> Disability	<input type="checkbox"/>	_____ Yrs	_____ Yrs	_____ Yrs _____ Yrs	<input type="checkbox"/>
(e) <input type="checkbox"/> Death	<input type="checkbox"/>	_____ Yrs	_____ Yrs	_____ Yrs _____ Yrs	<input type="checkbox"/>

24. (a) Mark X in the block which best describes the basis on which normal retirement benefits under the plan are computed and fill in the dollar or percentage figures as appropriate.

- (i) ☐ Money Purchase
- (ii) ☐ _____ % of the employee's earnings for each year of service
- (iii) ☐ _____ % of the employee's required contributions
- (iv) ☐ _____ % of the employee's earnings on which contributions to Social Security are required up to \$ _____ and _____ % of the balance of earnings for each year of service
- (v) ☐ _____ % of the employee's earnings for each year of service less _____ % of primary social security benefits
- (vi) ☐ \$ _____ Per month for each year of service
- (vii) ☐ _____ % of earnings not related to service
- (viii) ☐ \$ _____ Per month not related to earnings or service
- (ix) ☐ Other (describe) _____

(b) Mark X in the block which best describes the years of earnings used to compute normal retirement benefits

- (i) ☐ Career Average
- (ii) ☐ Terminal Average - 3 years
- (iii) ☐ Terminal Average - 5 years
- (iv) ☐ Terminal Average - 10 years
- (v) ☐ Other (specify) _____

25. (a) Are there any circumstances causing:

- (i) Ineligibility to participate once having become eligible? ☐ Yes ☐ No
- (ii) Denial, loss, forfeiture or suspension of benefits once having become vested or in pay status? ☐ Yes ☐ No

(b) If the circumstances are other than re-employment under the plan or break in service, explain _____

26. For plans that provide retirement income benefits in the form of a lifetime annuity:

- (a) Does the plan provide for a qualified joint and survivor annuity upon attainment of normal retirement age or actual retirement? ☐ Yes ☐ No
- (b) If the plan provides for early retirement, does the plan provide a joint and survivor annuity election at the earliest date on which a participant is eligible for early retirement benefits? ☐ Yes ☐ No

FORM EBS-1 (2-78)

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27 What is the disposition of an employee's own contribution if his participation in the plan ends before benefits are received (mark X in all applicable boxes)

	Death (1)	Withdrawal (2)	Disqualifica- tion (3)
(a) Contribution returned without interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Contribution returned with interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Contribution not returned (explain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Other (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART III PLANS WITH WELFARE PROVISIONS

28 Mark X in all applicable boxes for which the plan provides benefits and mark X or otherwise complete the information indicating the requirements for attaining the benefits provided

Type of Benefit	Requirements for Benefits		
	Immediate (1)	Waiting Period (Specify) (2)	Other (3)
HEALTH			
(a) <input type="checkbox"/> Hospital	<input type="checkbox"/>		
(b) <input type="checkbox"/> Convalescent care	<input type="checkbox"/>		
(c) <input type="checkbox"/> Home health care	<input type="checkbox"/>		
(d) <input type="checkbox"/> Surgical	<input type="checkbox"/>		
(e) <input type="checkbox"/> Medical	<input type="checkbox"/>		
(f) <input type="checkbox"/> Maternity	<input type="checkbox"/>		
(g) <input type="checkbox"/> Major medical	<input type="checkbox"/>		
(h) <input type="checkbox"/> Dental	<input type="checkbox"/>		
(i) <input type="checkbox"/> Prescription drugs (out of hospital)	<input type="checkbox"/>		
(j) <input type="checkbox"/> Diagnostic X-ray and laboratory services (out of hospital)	<input type="checkbox"/>		
(k) <input type="checkbox"/> Vision care	<input type="checkbox"/>		
(l) <input type="checkbox"/> Other health benefit (specify)	<input type="checkbox"/>		
OTHER WELFARE			
(a) <input type="checkbox"/> Life insurance	<input type="checkbox"/>		
(b) <input type="checkbox"/> Accidental death and dismemberment	<input type="checkbox"/>		
(c) <input type="checkbox"/> Temporary disability income (accident and sickness)	<input type="checkbox"/>		
(d) <input type="checkbox"/> Long term disability	<input type="checkbox"/>		
(e) <input type="checkbox"/> Supplementary unemployment benefits	<input type="checkbox"/>		
(f) <input type="checkbox"/> Severance pay	<input type="checkbox"/>		
(g) <input type="checkbox"/> Apprenticeship and other training	<input type="checkbox"/>		
(h) <input type="checkbox"/> Scholarship	<input type="checkbox"/>		
(i) <input type="checkbox"/> Prepaid legal services	<input type="checkbox"/>		
(j) <input type="checkbox"/> Other (except health) specify	<input type="checkbox"/>		

29 Indicate circumstances (other than termination of employment or retirement) causing ineligibility, denial, loss, forfeiture or suspension of welfare benefits

- (a) ☐ Illness (c) ☐ Strikes
 (b) ☐ Layoffs (d) ☐ Other (specify) _____

PART IV ALL PLANS

30 Give the name and address of each fiduciary (including trustee) to the plan

Name	Address

1980 ANNUAL PREMIUM FILING FORM

Form PBGC-1 (Rev. 1990) Pension Benefits Guaranty Corporation P.O. Box 3454 Washington, D.C. 20013		Annual Premium Filing For Plan Year Beginning in 19__ (See page 4 of instructions)		Approved OMB 164-R0001 FOR PBGC USE ONLY
If you wish assistance in completing this form, telephone PBGC in Washington, D.C. at (202) 254-4817 or in Los Angeles at (213) 986-6426.		THIS FILING IS REQUIRED BY LAW (29 U.S.C. 1307). Premiums filed after the due date are subject to late payment interest and penalty charges. Payment of a premium by an uncovered plan does not result in insurance coverage for that plan. Carefully read instructions before completing this form.		
1 Name of Plan Sponsor _____ Type or Print		2 Name of Plan Administrator (S) _____ Type or Print		
Address (number and street or rural route) _____		Address (number and street or rural route) _____		
City _____ State _____ Zip _____ <small>(Place mailing label within this block.)</small>		City _____ State _____ Zip _____		
3 (a) Plan Sponsor's Employer Identification Number <div style="border: 1px solid black; width: 150px; height: 20px; margin: 5px 0;"></div> EIN (See page 3 of instructions.)		(b) Plan Number <div style="border: 1px solid black; width: 50px; height: 20px; margin: 5px 0;"></div> PN		
5 Coverage Status (Check one only) <small>(See page 3 of instructions.)</small> (a) <input type="checkbox"/> Covered (b) <input type="checkbox"/> Not Covered (c) <input type="checkbox"/> Uncertain		4 If the numbers in 3(a) or 3(b) are different than last filed with the PBGC, enter the numbers as last filed here. <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> (a) <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px 0;"></div> EIN </div> <div style="text-align: center;"> (b) <div style="border: 1px solid black; width: 50px; height: 20px; margin: 5px 0;"></div> PN </div> </div>		
6 Is this the first plan filing with PBGC? <small>(See page 3 of instructions.)</small> (a) <input type="checkbox"/> Yes (b) <input type="checkbox"/> No		7 Effective Date of Plan <small>(See page 3 of instructions.)</small> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> Mo Day Year </div>		
8 Industry Code <small>(See page 3 of instructions.)</small> <div style="border: 1px solid black; width: 50px; height: 20px; margin: 5px 0;"></div>		9 Name of Plan _____		
10 Name and telephone number of Plan contact <small>(See page 3 of instructions.)</small> Name _____ Phone _____ Area Code _____		11 Plan Type—check appropriate box to indicate type of filing entity. <small>(See page 3 of instructions.)</small> (a) <input type="checkbox"/> Multiemployer Plan Enter number of contributing employers _____ (b) <input type="checkbox"/> Single-Employer Plan or other non-multiemployer plan		
12 This premium filing is for plan year beginning ____/____/____ and ending ____/____/____. <small>mo. day year mo. day year</small> • Check here <input type="checkbox"/> if the plan year has changed since last filing with PBGC. <small>(See page 4 of instructions.)</small>				
13 Enter participant count for the plan year specified in line 12 <small>(See page 4 of instructions.)</small> ... 13 <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 150px; height: 40px; float: right; text-align: center; padding: 5px; font-size: small;"> Pay amount on line 14 in full with this filing </div>				
14 Multiply line 13 by premium rate (\$ ____ Multiemployer Plan; \$2.00 Other Plans) and enter PREMIUM AMOUNT DUE PBGC <small>(See page 4 of instructions.)</small> 14 <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div>				
15 Under applicable penalties of federal law (18 U.S.C. 1001), I declare that this premium filing, including accompanying attachments, is submitted in good faith is factually correct, is based on the best available information and is in accordance with applicable regulations and policies of the PBGC. Check for \$ _____ is attached. Make check or money order payable to Pension Benefit Guaranty Corporation.				
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> Name of Plan Administrator(s): Type or Print <div style="border: 1px solid black; width: 100%; height: 40px; margin-top: 5px;"></div> </div> <div style="width: 10%;"> Date <div style="border: 1px solid black; width: 100%; height: 40px; margin-top: 5px;"></div> </div> <div style="width: 60%;"> Signature of Plan Administrator(s): <div style="border: 1px solid black; width: 100%; height: 40px; margin-top: 5px;"></div> </div> </div>				

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

SEP 8 1981

Mr. William J. Anderson
Director, General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

I appreciate the opportunity to review your draft report entitled "Better Management of Private Pension Plan Information Can Reduce Costs and Improve ERISA Administration and Enforcement." I have enclosed our specific comments on each of the recommendations affecting the Internal Revenue Service.

With kind regards,

Sincerely,



Enclosure

Department of the Treasury Internal Revenue Service

GAO note: Page references in this appendix may not correspond to page numbers in the final report.

IRS COMMENTS ON GAO RECOMMENDATIONS IN DRAFT REPORT ENTITLED
"BETTER MANAGEMENT OF PRIVATE PENSION PLAN INFORMATION CAN REDUCE COSTS
AND IMPROVE ERISA ADMINISTRATION AND ENFORCEMENT"

Page 35, Recommendation 1

We recommend that the Secretaries of Labor and the Treasury, and the Executive Director of PBGC reassess the need for each annual report information item and eliminate the reporting requirement for those not needed to carry out ERISA's overall participant protection goals.

Comments

The Service is cognizant of its continuing responsibility to request on returns only those items clearly needed for enforcement activities. When the 5500 series returns were being developed, the Service strenuously endeavored to ensure that only those items needed for enforcement of pension laws were included on the returns. Information items that would have been useful but which imposed a substantial burden for completion by plan administrators were intentionally excluded from placement on the returns. The returns were, therefore, subjected to extensive scrutiny within the Service before they were released for public use.

In addition, the Service in 1981 adopted a three-year filing cycle - the so-called triennial filing system - for small plans. Under this system, the plan of less than 100 participants will have to file a newly revised compliance oriented Form 5500-C or Form 5500-K every third year; and the other two years it will only file a simple registration statement, Form 5500-R. Over a three-year cycle, we believe that, compared to annual filing of the necessary information, the reporting and paperwork burden on most affected plans will be significantly decreased.

When the triennial filing system was being developed, the proposed returns were published in the Federal Register and public comments were solicited. A public hearing was then held to ensure that all views regarding the

proposals would be taken into consideration. After an analysis of both written and oral comments, the forms were substantially modified to accommodate many of the concerns expressed by those commenting.

Upon submission of the proposed forms to the Office of Management and Budget (OMB), that Office published a notice in the Federal Register noting that annual forms revisions were being reviewed by that Office. The OMB also received written comments in response to its notice. These comments were considered by OMB prior to its approving the adoption of the revised forms.

During the above process, a line-by-line justification of the need for each item on the Forms 5500-C, 5500-K, and 5500-R was prepared for and considered by the Commissioner in connection with securing his approval for implementation of the new filing system. Performing the same analysis now for the Forms 5500 and 5500-G would, to a great extent, be duplicative because many of the items on these returns are essentially similar or identical to those on the triennial filing system returns.

The Service has, therefore, very thoroughly assessed the need for the annual report information items, particularly those on the Forms 5500-C, 5500-K, and 5500-R. Additional in-depth consideration of the information items on Forms 5500 and 5500-G should await completion of the employee plans Taxpayer Compliance Measurement Program, now in progress, and an analysis of the application of the resultant data to returns then being filed.

Page 35, Recommendation 2

For the annual report information items that are needed, we recommend that the Commissioner implement procedures to assure that they are obtained, including invoking penalties when plans fail to provide the information.

Comments

We agree with this recommendation. Because of the complexity of ERISA, the Service has been lenient in assessing the penalties available to us for failure to properly complete the Form 5500 Series returns, until taxpayers became familiar with the new law and regulations. In this regard, the Service Centers have continually corresponded with taxpayers concerning items which have not been properly completed on the return. Meanwhile, the Employee Plans (EP) Division has clarified the instructions for completion of the Form 5500 Series returns and has identified common problem areas regarding the completion of these returns. The public has been notified of these problem areas by means of newsletters and speeches.

The Service recognizes its responsibility for enforcement of ERISA provisions designed to protect plan participants and their beneficiaries. To carry out this responsibility in an effective and efficient manner, the Service must receive reasonably complete annual information returns. To this end, we recently convened a task force of Employee Plans and Returns Processing field and National Office personnel, to develop procedures for the assessment of penalties on incomplete returns. One area the task force will examine closely is those items on the return deemed essential for both compliance with the law and IRS processing. Failure to provide these key items will result in the imposition of penalties.

Page 56, Recommendation 3

We recommend that the Executive Director of PBGC and the Commissioner of Internal Revenue take steps for IRS to assume responsibility for receipt and processing of both premium collection and annual report information.

Comments

As is discussed at pages 50-53 of the proposed report, the Service has been working with PBGC to develop an efficient system both for identifying plans that have never paid premiums and for insuring that plans pay premiums annually. Contingent on securing appropriate resources, the Service will also work with PBGC to develop an automated system which will enable the PBGC premium to be processed as part of the filing of annual reports with the Service. This program cannot be implemented until 1985 or later, however, because of planned changes to our present computer system.

APPENDIX X

APPENDIX X

U.S. Department of Labor

Assistant Secretary for
Labor-Management Relations
Washington, D.C. 20210



17 SEP 1981 .

Mr. Gregory J. Ahart
Director
Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

This is in reply to your letter to Secretary Donovan requesting comments on the draft GAO report entitled, "Better Management of Private Pension Plan Information Can Reduce Costs and Improve ERISA Administration and Enforcement." The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

Donald L. Dotson
Assistant Secretary
Labor-Management Relations

Enclosure

GAO note: Page references in this appendix may not correspond to page numbers in the final report.

U.S. Department of Labor's Response To
The Draft General Accounting Office Report
Entitled -

"Better Management of Private
Pension Plan Information Can
Reduce Costs and Improve ERISA
Administration and Enforcement"

Recommendation:

"We (GAO) recommend that the Secretaries of Labor and the Treasury, and the Executive Director of PBGC reassess the need for each annual report information item and eliminate the reporting requirement for those not needed to carry out ERISA's overall participant protection goals."

Response:

The draft GAO report recommends that the ERISA agencies - the Department of Labor (the Department), the Internal Revenue Service (IRS), and the Pension Benefit Guaranty Corporation (PBGC) - reassess the need for the information on the annual report. It also recommends that the IRS more actively pursue filers who omit key information. The GAO does not offer any opinion as to the value of the annual report.

The Department agrees that the annual report should be reassessed and those items deemed unnecessary be eliminated. Indeed, the ERISA agencies already engage in just such a review and reassessment process each year; a process that has resulted in many simplifications of the forms. What the Department has learned in that process, however, and in the recent reformulation of annual reporting for smaller plans is that items are integrally related on the form. Accordingly, to eliminate single items may have a significant impact on the value of the forms for enforcement purposes.

What is really required to simplify forms without sacrificing enforcement needs, is the initiation of a process which leads to a reexamination of the basic

underlying premises of the questions and to an overhaul of the form. As was discovered during the overhaul that resulted in the new reporting forms for smaller plans, an overhaul by necessity leads to a disruption of plans current systems for reporting. This is true even where, as with the new smaller plan form, the changes will ultimately result in cost savings for the plans.

The Department has been hesitant to initiate such a major overhaul with its targeting strategies still being developed and the IRS's Taxpayers Compliance Measurement Program (TCMP) still in its preliminary stages. It may be more cost effective for both the Department and the public if a major overhaul of the forms is delayed until the agencies are certain which information must be required for enforcement purposes. Such a delay would prevent filers from having to retrain their staff twice and would prevent those filers who use computers from having to revise their systems twice in a short period of time.

The draft GAO report also recommends that the agencies do not ask for any information which, if missing, they do not intend to actively pursue. The Department will, as part of any reassessment of the annual report, consider whether certain information, which is not currently pursued in its deficiency efforts, should continue to be required. However, because, for example, the Department believes reporting may have a deterrent effect on wrongdoers, the Department does not agree that this should be the exclusive determining factor in deciding to retain requirements on the form.

The GAO draft report makes one other recommendation with respect to the annual report. While this recommendation was directed to the IRS, it also impacts the Department. The GAO recommends that the IRS "implement procedures to assure they [annual report information items that are needed] are obtained, including invoking penalties when plans fail to provide the information." The Department, like the GAO, is concerned that many annual reports are not complete. To remedy this, the agencies have arranged that the IRS be the primary agency engaged in the detection, and the obtaining, of missing information.

Thus, it is appropriate that the GAO focused on the IRS's efforts; at the same time, it is worth noting the efforts of the Department, which supplement the IRS efforts, to detect deficiencies and gather information. The Department actively pursues missing or incorrect reports through two methods. One system insures that all plans actually investigated for major violations are also reviewed for compliance with reporting requirements. The second system annually targets a small number of plans with major reporting inaccuracies for review. Specifically, under the first system, in the course of all investigations conducted by the agency (roughly 2,000 plans annually), a reporting check sheet is completed by the investigator to ensure that no possible reporting violations have been overlooked. Annual reports are usually obtained prior to an investigation and any necessary corrections are obtained during the course of the investigation. Under the second system, plans are contacted by letter or telephone when deficient reports are discovered through the National Office or field targeting reviews. In addition, since criminal and civil penalties apply for violations of the reporting requirements, the Department believes that there is an incentive for most plans to voluntarily file complete reports.

Recommendation:

"We (GAO) recommend that the Congress amend the Employee Retirement Income Security Act of 1974 to:

- eliminate the requirement that employee benefit plans routinely file copies of plan descriptions and plan summaries with Labor,
- require the plans to provide Labor with copies of plan summaries at the request of Labor, and
- require Labor to obtain, on behalf of plan participants and others, copies of plan summaries from the plans when so requested.

To minimize public disclosure costs to both the plans and the Government, we recommend that the Congress make these amendments before plans have to meet summary refiling requirements in 1982."

Response:

The draft GAO report recommends legislation to change the requirement that summary plan descriptions (SPDs) be filed with the Department. It would require instead that plans provide the Department with the latest SPD only when so requested.

Under current law, the plan administrator distributes the SPD to plan participants and files a copy of it with the Department. This is the only document describing the plan that the Department receives since it earlier eliminated the filing of the plan description form (EBS-1). Plans that materially change their provisions are required to distribute and file material modifications and distribute and file revised SPDs every five years. A plan that makes no material modifications need only distribute and file a new SPD every ten years.

The Department, as the draft GAO report recognizes, uses the SPD for several purposes. First, it is maintained in the statutorily mandated disclosure room so that participants who for various reasons, including fear of retaliation, prefer not to ask their plans for copies of the SPD can obtain a copy as can other individuals. Second, Department personnel handling benefit dispute inquiries from individuals and Congressional offices rely heavily on the SPD as a source of information on the plan. This information is very useful in the resolution of benefit dispute issues with plan administrators; for example, the SPD is used by Department personnel to determine whether plan administrators are citing correctly all applicable plan provisions. Third, Department investigators use the SPDs as background on plans which they are investigating. Finally, researchers use the SPDs for information on plan characteristics.

The GAO draft report does not suggest that the SPD should not be distributed. It states only that the expense to

the Department of maintaining the SPDs files is not justified. Further, it points out that many SPDs already have to be requested from plans because the Department's files are incomplete or not up to date.

The Department recognizes that it can save money by eliminating the requirement that the SPD be filed. What would be lost in doing so is any ability of the Department to analyze the content of SPDs or to assure that they had been prepared properly (obviously, the filing does not guarantee that the SPD has been distributed to participants, but it is a reasonable assumption). The GAO would substitute a "request" requirement for the filing requirement. While this may save the Department money, it could be quite burdensome to plans and would still cost the Department money for the requests and the filing of copies of those submitted. This approach would be especially burdensome for large plans with many participants if the Department received requests for SPDs from several participants. It would be cheaper and less burdensome for plans to file one copy than to deal with repeated requests. Also, the time lag involved between the time the Department makes such a request of a plan administrator and the time it receives an SPD is in some cases two to three months.

The Department believes that further discussion and analysis is necessary to achieve the best balance of minimizing the burden on plans, providing participants and the Department with the necessary information in a reasonable time, and minimizing the cost to the Department.

General Comments

The Department is pleased that the GAO report puts an end once and for all to the unsubstantiated suggestion that the Department makes no use of ERISA reports and simply leaves them sitting in boxes. The report confirms the fact that the Department maintains a system for filing and retrieving the annual reports and summary plan descriptions required by ERISA, and uses the reports for enforcement and other purposes.

The annual report is the Department's best and most frequently used means of targeting employee benefit plans for further investigation. By scrutinizing the annual report, manually or by a computer program keyed to certain variables combined with detailed staff analysis, the Department can focus its efforts on those plans in which there is reason to believe a violation of ERISA may have occurred. As a result, the majority of plans have no more contact with the agencies than the filing of a report. Generally, only when it is believed, based on the information on the annual report (or a complaint), that a violation has occurred will Department investigators actually visit a plan.

The Department is pleased that the GAO recognized the importance of the annual report to the Department's enforcement efforts. While we do not disagree with the conclusions reached by GAO with respect to ERISA reports processing, we believe that the GAO may to some extent have overstated the size and scope of the problem.

1. The report states on pages 64-65 (and several other places) that when a list of EIN/PNs of single employer plans filing 1977 annual reports was compared with a list of EIN/PNs for plans filing summary plan descriptions, the GAO could not identify about 54 percent of the plans as having filed summary plan descriptions. The report seems to conclude from this that the summary plan descriptions are therefore missing. There are several problems with the GAO comparison. First, because some plan administrators use incorrect EIN/PNs when filing a report, or because of faulty key punching, or for any of several other reasons, the data tapes used by GAO contain many inaccuracies. The Department, when trying to match EIN/PNs, will refer not only to the numerical listing but also to a listing organized by name of the plan sponsor. If the GAO had used this listing, as was suggested to it while it was conducting the study, a great number of the 54 percent of plans GAO could not locate would have been located.

A second problem with the GAO comparison of tapes is that the 1977 annual report tapes contains EIN/PN numbers for ERISA-exempt organizations which were required to file an annual report but not a summary plan description. A straight comparison of the lists, as GAO did, without subtracting the ERISA-exempt organizations would lead to finding a number of annual reports for which there were no corresponding summary plan descriptions.

2. The report states on page 65 (and in several other places) that "Labor's records show it could not find 160 (25 percent) of the 633 summaries requested by the public..." The assumption one is left to make here is that because the Department could not locate the forms, the files are one quarter incomplete. There are reasons why this percentage may not be fully accurate. In some cases the plan for which an SPD is being requested is an ERISA-exempt plan, usually a church plan or government plan, which does not have to file an SPD. Also, occasionally an SPD will be requested by a former participant or beneficiary for a plan which had terminated prior to the SPD filing requirement.

The Department has already implemented steps to assure that the disclosure room will be able to identify plans which are exempt, or which have terminated, or which for other reasons do not have to file SPDs.

3. One point which is repeated several times in the report is the fact that in attempting to collect missing 1975 and 1976 annual reports, the Department inadvertently contacted a large number of plans which had already filed reports or for other reasons were not required to file reports. The Department regrets the ADP errors made in this project and has instituted changes to prevent a recurrence of the error. However, despite the widely publicized error in the mailout of notices, many positive results were achieved by the program. The GAO report fails to mention these positive results. It also fails to mention that the Department, once aware of possible errors, took immediate and effective steps to reduce any inconvenience to those affected.

The program was successful in aid the Department in developing a significantly more accurate listing of EIN/PNs for those plans required to file annual reports. Specifically, the program resulted in 23 percent (48,618) of the plan sponsors who responded to the notice mailed by the Department correcting or identifying errors in their EIN/PNs, 14 percent (30,644) of those sponsors responding filing missing reports, and 14 percent (30,387) of the sponsors responding receiving assistance from the Department in resolving individual reporting problems.

4. The draft GAO report overlooks the many changes already made in the annual report in order to reduce paperwork and make it a more useful enforcement document. In 1975, the Department hired Professor Robert Pozen of New York University Law School to undertake a detailed review of the annual report forms based on discussions with filers and analyses of enforcement needs. As a result of his recommendations, several key changes were made in the forms. Also, significant changes have been made or proposed in reporting requirements for insurance companies, banks and actuaries based both upon public discussion and Departmental enforcement considerations. In the last year, the ERISA agencies adopted new annual report forms for small plans that were better keyed to the agencies' enforcement needs. The new Forms 5500-C and 5500-K require more information than the prior forms because the old forms did not provide enough information to allow adequate enforcement of the law. To balance the added information, Forms 5500-C and 5500-K are filed only every third year (in interim years a much shorter registration form, 5500-R, is required to be filed).

**Pension Benefit Guaranty Corporation**

2020 K Street, N.W., Washington, D.C. 20006

September 8, 1981

Mr. Gregory J. Ahart
Director
Human Resources Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

We are pleased to have this opportunity to comment on the proposed report of the General Accounting Office entitled "Better Management of Private Pension Plan Information Can Reduce Costs and Improve ERISA Administration and Enforcement."

A key recommendation of the report with respect to the Pension Benefit Guaranty Corporation is that PBGC's premium collections should be handled by the Internal Revenue Service in conjunction with the filing of the ERISA annual report, Form 5500. The Corporation recognizes the potential advantages of such handling and therefore agrees in principle with the thrust of the recommendation.

As you have noted in the report, PBGC has been actively pursuing this matter with the IRS. Our objective has been and will continue to be to determine whether arrangements can be developed with the IRS that will minimize our costs and assure that premiums are collected to the fullest practicable extent. We will continue to work with the IRS to resolve, if possible, the various issues that such a proposal presents.

The report has one other recommendation that pertains to PBGC: that the Departments of Labor and Treasury along with PBGC should reassess their annual information reporting requirements and eliminate those items that are not needed to carry out ERISA's overall participant protection goals. The Corporation supports this recommendation. We are currently reviewing the annual report information required for our own programs, and the costs of obtaining, processing and maintaining such information. We also expect to be considering this matter jointly with the other two agencies.

We also wish to comment on two observations made by the GAO in the proposed report, where GAO concludes that millions of dollars of premium revenues may not have been paid to PBGC in prior years.

First, the GAO cites a comparison it made between the filing records for plans that paid premiums in 1976 and those paying premiums in subsequent years. As we understand, the comparison was made by attempting to match the twelve digit EIN/PN's from one year to the next. The result was that GAO could not find such a computer match by EIN/PN for 16,416 plans. This led to GAO's conclusion that the amount of unpaid premiums owed by those filing in one year but not the next "could be as much as \$1.4 million."

A more extensive analysis performed by PBGC indicates that the amount of potentially unpaid premiums is considerably less than the upper end of the range indicated by the GAO. This analysis included a detailed manual reconciliation of the complete filing history from 1974 through 1979 for plans which pay over 50% of our annual premium revenue.^{1/} The reconciliations demonstrate that what might have appeared to be missing filings were in fact filings that were made but for various reasons were recorded elsewhere on the computer system. A particular problem in this regard has been the use by plan sponsors of different EIN/PN's from one year to another. The PBGC believes that, in general, plans have been paying premiums every year and that such filings have been made in good faith and on a timely basis. In addition, PBGC is taking steps to reduce such identification number inconsistencies in the future.

The second comment pertains to the GAO conclusion that PBGC could have lost "as much as \$3.7 million" in unpaid premium revenues, since a large number of plans (33,686), which had indicated Title IV coverage on their Form 5500 filings with IRS, could not be identified as having made premium filings with PBGC.

^{1/} The review concentrated on plans with over 7500 participants, but also included a sample of smaller plans to determine if the filing patterns were consistent. By focusing primarily on the larger plans our review represented an exhaustive examination of over 50% of PBGC's premium payments for the years in question. The stratification of our premium payers is such that the most significant dollar amounts of premiums are paid by a very small number of large plans, while the large number of plans with few participants pay a relatively insignificant amount of premiums. For example, the 4500 largest single-employer plans paid over \$55 million last year while the 22,000 smallest plans paid less than \$200,000 out of a total of \$72 million.

Again, our understanding of the method used by the GAO to determine the extent of this mismatch was to conduct a computerized comparison between the two files using the twelve digit EIN/PN. The number of plans and participants which appeared on the IRS file but not on the PBGC file, based upon the precise twelve digit match, were considered potential non-premium payers by GAO and were used to extrapolate to determine the extent of possible lost revenue to PBGC.

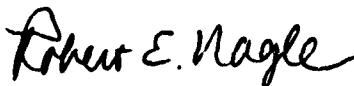
The possibility that there may be such a substantial number of plans failing to pay required premiums is of great concern to PBGC, and we have undertaken to examine the matter further. Using the same data as the GAO, we selected a small sample of plans which appeared on the IRS 1977 file but did not appear on PBGC's 1977 premium records. For each plan selected, a detailed review was made to determine if the plan was in fact covered by PBGC and if so whether or not the plan paid premiums to the Corporation. The results of this sample indicate that the largest percentage of such plans and participants fall into two categories. First, plans which are not covered by termination insurance and therefore should not file with PBGC. And, second, plans which should have filed and did in fact file under a different EIN/PN. Our sample indicated that the number of plans and participants for which premiums were not paid is considerably smaller than the upper end of the range estimated by the GAO.

We have shared the results of this preliminary analysis with the GAO staff. While the PBGC and GAO staff agree that the sample was too small to be statistically conclusive, we believe that the preliminary results are informative. We are planning to begin a more extensive review of the matter in the next month and will keep you informed of the results.

The Corporation would like to express its appreciation to the GAO staff, in particular Mr. Larry Wood, for the constructive and professional manner in which this engagement was conducted. The GAO staff has taken a positive approach in assisting us to identify these opportunities for improvement.

Again, we wish to thank you for the opportunity to comment on the draft report.

Sincerely,



Robert E. Nagle
Executive Director

Enclosure

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